

No. 2430

**UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
and
BRAZIL**

Exchange of notes constituting an agreement for the settlement of Brazilian commercial arrears with the United Kingdom. Rio de Janeiro, 1 October 1953

Official texts: English and Portuguese.

Registered by the United Kingdom of Great Britain and Northern Ireland on 5 January 1954.

**ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD
et
BRÉSIL**

Échange de notes constituant un accord relatif au règlement d'arriérés de dettes commerciales dus par le Brésil au Royaume-Uni. Rio-de-Janeiro, 1^{er} octobre 1953

Textes officiels anglais et portugais.

Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nordel 5 janvier 1954.

No. 2430. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE UNITED STATES OF BRAZIL FOR THE SETTLEMENT OF BRAZILIAN COMMERCIAL ARREARS WITH THE UNITED KINGDOM. RIO DE JANEIRO, 1 OCTOBER 1953

I

The Brazilian Minister of State for Foreign Affairs to Her Majesty's Ambassador at Rio de Janeiro

[PORTUGUESE TEXT — TEXTE PORTUGAIS]

Rio de Janeiro, em 1º de outubro de 1953

Senhor Embaixador,

Tenho a honra de me referir às discussões realizadas entre representantes do Governo dos Estados Unidos do Brasil (a que este documento se referirá doravante como Governo do Brasil) e do Governo de Sua Majestade Britânica, sobre a questão dos atrasados comerciais brasileiros para com o Reino Unido. Segundo entendo, o acôrdo alcançado foi o seguinte :

I.—A expressão « credor do Reino Unido » significa uma pessoa física ou jurídica residente no Reino Unido ou em um território cujas relações internacionais estejam sob a responsabilidade do Reino Unido. A expressão « atrasado comercial » significa uma dívida comercial do Governo do Brasil ou uma dívida comercial em relação à qual um pedido de cobertura em esterlinos, feito por uma pessoa física ou jurídica residente no Brasil, tenha sido aprovado antes da data de hoje pela Fiscalização Bancária do Banco do Brasil.

II.—O Governo do Brasil se compromete a solicitar ao Fundo Monetário Internacional recursos que permitam uma remessa inicial de 10.000.000 de libras relativa aos atrasados comerciais de credores do Reino Unido. Fica entendido que o Governo de Sua Majestade, caso necessário, apoiará essa solicitação.

III.—O Governo do Brasil fornecerá cobertura para remessa de uma soma não inferior a 6.000.000 de libras, no transcurso de cada ano, a contar da presente data, referente aos atrasados comerciais devidos aos credores do Reino Unido. Caso necessário, o Governo do Brasil mobilizará recursos de outras fontes a fim de manter essa remessa mnima. Na eventualidade de sua receita bruta em libras esterlinas, tal como definida abaixo no parágrafo (4), exceder 35.000.000 de libras, durante o período de doze meses a começar a 1º de outubro de 1953 ou em outro subsequente período de doze meses, o

¹ Came into force on 1 October 1953 by the exchange of the said notes.

[TRANSLATION¹ — TRADUCTION²]

Rio de Janeiro, October 1, 1953

Mr. Ambassador,

I have the honour to refer to the discussions which have taken place between representatives of the Government of the United States of Brazil (to which this document will refer hereinafter as the Government of Brazil) and the Government of Her Britannic Majesty, on the question of Brazilian commercial arrears with the United Kingdom. According to my understanding the agreement reached was the following :—

I.—The term “United Kingdom creditor” means a person or corporation resident in the United Kingdom, or a territory for the international relations of which the United Kingdom is responsible. The term “outstanding commercial debt” is a commercial debt owed by the Government of Brazil, or a commercial debt in respect of which an application for sterling by a person or corporation resident in Brazil has been approved before to-day’s date by the Banking Fiscalisation Department of the Bank of Brazil.

II.—The Government of Brazil undertake to apply to the International Monetary Fund for resources which will enable them to provide cover for an initial remittance of £ 10 million sterling in respect of outstanding commercial debts to United Kingdom creditors. It is understood that if necessary Her Majesty’s Government in the United Kingdom will support this application.

III.—The Government of Brazil will provide cover for the remittance of a total of not less than £ 6 million sterling in the course of each year, reckoned from to-day’s date in respect of outstanding commercial debts to United Kingdom creditors. Should it be necessary, the Government of Brazil will mobilise resources from other sources in order to maintain these minimum remittances. Should Brazil’s gross sterling earnings, as defined in paragraph (IV) below, exceed 35 million for the period of twelve calendar months from October 1, 1953, or in any period of twelve calendar months thereafter, the Government of Brazil will (not later than three months after the end of such period) supply cover in respect of outstanding commercial debts to United Kingdom creditors, for an additional remittance in sterling calculated as follows :—

10 %	of the excess from	£ 35 million—£ 45 million.
30 %	”	”
50 %	”	”
100 %	”	”
		over £ 60 million.

Payments will continue until all outstanding commercial debts due to United Kingdom creditors are re-paid in full at the official rate of exchange for the £ sterling ruling on July 31, 1953.

IV.—For purposes of this Agreement “gross sterling earnings” shall be understood to mean the sum of :—

¹ Translation by the Government of the United Kingdom.

² Traduction du Gouvernement du Royaume-Uni.

(a) Brazil's gross sterling earnings from the United Kingdom and territories for the international relations of which the United Kingdom is responsible, arising from visible (f.o.b.) exports (including goods purchased by United Kingdom merchants, for re-sale to other countries) and invisible exports, and

(b) Brazil's net sterling earnings, if any, from countries (including countries of the sterling area other than those mentioned above) with which Brazil has no Payments Agreement.

The total of (a) to be rounded off to the nearest million pounds, and certified by the Bank of England and the Bank of Brazil; the total of (b) to the nearest million pounds to be declared by the Bank of England and approved by the Bank of Brazil.

V.—The Government of Brazil will effect payment individually to each United Kingdom creditor of interest on the sterling amount due, calculated at a rate of 3½ per cent per annum, from to-day's date until the date of the respective remittance of funds for the discharge of each debt.

VI.—The Government of Brazil will authorise payment in sterling for petroleum and derivatives purchased from United Kingdom oil companies to the average monthly level of £ 1¼ million, so as not to exceed an annual total of £ 15 million. Purchases in excess of this total from United Kingdom oil companies will be paid for in other currencies acceptable to the companies.

VII.—Within two months from to-day's date the Government of Brazil will send representatives to London to agree upon the method of implementing the arrangements referred to above.

2. Should your Excellency agree, I propose that the present Note, together with that of your Excellency, of the same tenor, of this same date, shall constitute an Agreement between our Governments, which shall become effective to-day.

I take, &c.

Vicente RÁO

II

Her Majesty's Ambassador at Rio de Janeiro to the Brazilian Minister of State for Foreign Affairs

BRITISH EMBASSY

Rio de Janeiro, October 1, 1953

Your Excellency,

I have the honour to acknowledge the receipt of your Note of to-day's date, referring to the discussions which have taken place between representatives of the Government of the United States of Brazil (hereinafter referred to as the Government of Brazil) and of Her Majesty's Government in the United Kingdom on the subject of outstanding commercial debts due from Brazil to the United Kingdom, and to inform your Excellency that my understanding of the agreement which has been reached is, as is stated in your Excellency's Note, as follows :—

[See note I]

2. The foregoing proposals are acceptable to Her Majesty's Government in the United Kingdom and I therefore agree with your Excellency's suggestion that your Note under acknowledgment, together with this reply in similar tenor and of the same date, shall constitute an agreement between our Governments which shall become effective to-day.

I avail, &c.

G. H. THOMPSON