

No. 6391

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**UNITED STATES OF AMERICA  
and  
BRAZIL**

**Agreement (with exchange of letters) on the cooperation of the Government of the United States of America for the promotion of economic and social development in the Brazilian Northeast. Signed at Washington, on 13 April 1962**

*Official texts: English and Portuguese.*

*Registered by the United States of America on 28 November 1962.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
BRÉSIL**

**Accord (avec échange de lettres) en vue d'une coopération du Gouvernement des États-Unis d'Amérique au développement économique et social du Nord-Est brésilien. Signé à Washington, le 13 avril 1962**

*Textes officiels anglais et portugais.*

*Enregistré par les États-Unis d'Amérique le 28 novembre 1962.*

No. 6391. AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE UNITED STATES OF BRAZIL ON THE COOPERATION OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA FOR THE PROMOTION OF ECONOMIC AND SOCIAL DEVELOPMENT IN THE BRAZILIAN NORTHEAST. SIGNED AT WASHINGTON, ON 13 APRIL 1962

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WHEREAS the Government of the United States of Brazil has recognized the improvement of the critical economic and social conditions in Northeast Brazil as an urgent problem requiring priority attention both through immediate measures and through a long-term development program, and has taken important steps to meet the problem by creating an agency, the Superintendency of the Development of the Northeast SUDENE, which has been empowered to coordinate Brazil's programs for the Northeast, and which has produced a master plan which has been approved by the Brazilian Congress and given initial financial support by the Government of the United States of Brazil ;

WHEREAS the Government of the United States of America shares the view of the Government of the United States of Brazil that the problems of the Northeast require urgent attention, and has sent a survey team to Brazil which has studied the problems of the Northeast and has submitted to the United States Government a report containing its recommendations for financial and technical assistance for the purpose of aiding in their solution, and is prepared to support the efforts of the Government of the United States of Brazil in the Northeast through measures based upon certain of those recommendations ;

WHEREAS such cooperation, by combining the self-help efforts and reform measures of the Government of the United States of Brazil with the economic, technical and related assistance from the Government of the United States of America, will directly further the objectives of the Charter of Punta del Este<sup>2</sup> and will be an important step in carrying out the Alliance for Progress ;

NOW, THEREFORE, the Government of the United States of America and the Government of the United States of Brazil hereby agree as follows :

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<sup>1</sup> Came into force on 13 April 1962, upon signature, in accordance with article VI.

<sup>2</sup> United States of America : *Department of State Bulletin*, 11 September 1961, p. 462.

*Article I*

## PROGRAMS

In accordance with Articles III and IV hereof the Government of the United States of America will supplement the efforts of the Government of the United States of Brazil :

A. In carrying out a program of immediate action projects intended to achieve speedy results in meeting some of the most urgent needs of the people of Northeast Brazil. These projects, designed to produce immediate benefit, are of the type included in the survey team report or the SUDENE master plan, or which may be mutually agreed to. It is estimated that these projects will require expenditures totalling the equivalent of approximately \$58,000,000 or the equivalent of approximately Cr\$18,400,000,000 from Brazilian and external sources.

B. In undertaking at the same time the financing of the first two years of long-term development projects for the years 1962-1966 intended to improve fundamentally the ability of the Northeast and its residents to provide for themselves a better standard of living and to advance the economic integration of the Northeast with the rest of Brazil. The purpose of these projects, which are to be of the type included in the survey team report or the SUDENE master plan, or which may be mutually agreed to, will be accomplished through measures such as the counteracting of drought conditions through fuller use of available water supplies in the interior, improvement of roads, development of electrical power, expansion of primary and vocational education, health and sanitation, assistance to agricultural production, marketing and distribution, and fisheries, and through studies and research concerning the resource potentials of the area. It is estimated that these projects will require expenditures for the long-term period totalling the equivalent of approximately \$692,000,000 or the equivalent of approximately Cr\$220,000,000,000 from Brazilian and external sources. In addition activities are contemplated to promote the accelerated development of areas adjacent to the Northeast in order to create economic opportunities for people from the Northeast. Expenditures for the first two years (1962-1963) are estimated to total the equivalent of approximately \$216,000,000 or the equivalent of approximately Cr\$68,700,000,000 from Brazilian and external sources.

*Article II*

## ADMINISTRATION

The two Governments recognize that effective cooperation in the administration of these projects requires clear designation of coordinating and operating responsibility on both sides. Accordingly,

A. The Government of the United States of America designates the Agency for International Development (USAID) to carry out its responsibilities under these projects and will establish a special office in the Northeast area for this purpose with the necessary staff and facilities. USAID may sign agreements for individual projects with SUDENE or other appropriate agencies or organizations in accordance with applicable regulations.

B. The Government of the United States of Brazil is represented by SUDENE in accordance with the terms of Law No. 3.692, December 15, 1959, and Law No. 3.996,<sup>1</sup> January 15, 1962, in the coordination of programs in Northeast Brazil. In the terms of this and related legislation, SUDENE is authorized to enter into project and other agreements, including loan agreements, to carry out specific projects. Activities under these projects may be administered by SUDENE or by such other agency or organization as may be mutually agreed. In such cases as may be designated by the Government of the United States of Brazil, other agencies may be authorized to enter into project and other agreements under this Agreement directly with USAID and be authorized to receive loans or grants.

### *Article III*

#### IMMEDIATE ACTION PROJECTS

In order to put into effect the immediate action projects, and subject to mutual agreement on specific projects which satisfy the requirements of the applicable legislation and regulations of both countries :

A. The Government of the United States of America agrees to provide toward the cost of such projects not to exceed \$33,000,000 in U.S. dollars or the cruzeiro equivalent thereof ; not to exceed \$14,670,000 will be supplied in the form of dollar grants or loans and the balance estimated at the equivalent of \$18,330,000 as grants or loans in cruzeiros derived from Agricultural Commodities Agreements between the two Governments, subject to the availability of funds under such agreements.

B. The Government of the United States of Brazil agrees :

1. To have provided from national, state and municipal sources not less than Cr\$7,950,000,000 toward the cost of such projects plus such additional amounts of funds as shall be necessary to assure their completion.

2. To assure the allocation to SUDENE or other appropriate agencies or organizations of the cruzeiros available for grant and loan purposes under Agri-

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<sup>1</sup> According to the information provided by the United States of America this number should read "3995".

cultural Commodities Agreements between the two Governments in amounts required for such projects as estimated in Paragraph III-A above.

3. To guarantee the repayment of principal and interest on all loans made by the Government of the United States of America under this Agreement.

4. To use its best efforts to assure that SUDENE and other appropriate agencies and organizations have adequate legislation, funds and administrative authority to carry out their responsibilities under the immediate action projects.

#### *Article IV*

##### INITIATION OF LONG-TERM DEVELOPMENT PROJECTS

In order to provide for the first two years of activities under the long-term economic development projects, and subject to mutual agreement on specific projects which satisfy the requirements of the applicable legislation and regulations of both countries, the two Governments agree to finance the costs of such projects during the calendar years 1962 and 1963 as follows :

A. The Government of the United States of America agrees to provide not to exceed \$98,000,000 in U.S. dollars or the cruzeiro equivalent thereof toward the cost of such development projects during such period subject to the appropriation and availability of funds. Not to exceed \$62,000,000 will be supplied in the form of dollar grants or loans and the balance estimated at the equivalent of \$36,000,000 in grants or loans in cruzeiros derived from Agricultural Commodities Agreements which may be concluded between the two Governments subject to the availability of funds under such agreements.

B. The Government of the United States of Brazil agrees :

1. To have provided from national, state and municipal sources not less than Cr\$37,500,000,000 for the purposes of these projects plus such additional amounts of funds as shall be necessary to assure the completion of such projects, subject to the appropriation of funds by the Brazilian Congress.

2. To assure the allocation to SUDENE or other appropriate agencies and organizations of the cruzeiros available for grant and loan purposes under Agricultural Commodities Agreements between the two Governments in amounts required for these projects as estimated in Paragraph IV-A above.

3. To guarantee the payment of principal and interest on all loans made by the Government of the United States of America under this Agreement.

4. To use its best efforts to assure that SUDENE and other appropriate agencies and organizations have adequate legislation, funds and administrative authority to carry out their responsibilities under these projects.

C. The Government of the United States of Brazil will keep the Government of the United States of America informed about development activities in the Northeast, including economic and technical assistance activities. The Government of the United States of America will cooperate with the Government of the United States of Brazil in obtaining and increasing the interest of other friendly nations and international agencies in participating in programs for Northeast Brazil, utilizing for these purposes the mechanism of the Development Assistance Committee of the Organization for Economic Cooperation and Development as well as other channels. The two Governments will keep each other informed of the progress of such discussions, and will take them into account in the further development of the programs described herein.

#### *Article V*

##### COMPLETION OF LONG-TERM DEVELOPMENT PROJECTS

Each of the two Governments will hereafter consider participation in the financing of the long-term development projects for periods after that provided for in Article IV. In such consideration the two Governments will take into account :

- (a) satisfactory accomplishment during the first two years ;
- (b) provision in Brazil's national development program of appropriate priority for the Northeast, taking due regard of the total resources expected to be available and of the needs and plans of other regions of Brazil ; and
- (c) the implementation of the Brazilian program of financial recovery, aiming at holding down the cost of living and assuring a rapid rate of economic growth and social development in a context of a balanced economy, and the achievement of other economic and institutional reforms necessary to the success of the national development effort as contemplated in the Charter of Punta del Este.

#### *Article VI*

##### ENTRY INTO FORCE AND RELATION TO EXISTING AGREEMENT

This Agreement shall enter into force on the date on which it is signed by the two Governments and shall remain in force until ninety days after the date of the communication by which either Government gives written notification to the other of its intention to terminate it. This Agreement shall supplement the Agreement relating

to technical cooperation effected by an exchange of notes signed at Rio de Janeiro on December 12,<sup>1</sup> 1950, as amended and supplemented,<sup>2</sup> or any General Agreement superseding that agreement, and the provisions of either such agreement shall apply to activities under this Agreement except as specifically altered in this Agreement.

DONE in duplicate in the English and Portuguese languages, both being equally authentic, at Washington this 13th day of April, 1962.

For the Government of the United States of America :  
Dean RUSK

For the Government of the United States of Brazil :  
San Tiago DANTAS

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<sup>1</sup> According to the information provided by the United States of America this date should read "19 December".

<sup>2</sup> United Nations, *Treaty Series*, Vol. 141, p. 3, and Vol. 200, p. 306.

## EXCHANGE OF LETTERS — ÉCHANGE DE LETTRES

## I

*The Brazilian Minister of External Relations to the Secretary of State*

[PORTUGUESE TEXT — TEXTE PORTUGAIS]

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Washington, em 13 de abril de 1962

Senhor Secretário de Estado,

Com referência aos Artigos III e IV do Acôrdo entre nossos dois Governos, assinado hoje, sôbre a cooperação do Governo dos Estados Unidos da América para a Promoção do Desenvolvimento Econômico e Social do Nordeste brasileiro, tenho a honra de expressar o entendimento de meu Govêrno de que as proporções entre a contribuição dos Estados Unidos da América e o dispêndio de recursos próprios do Govêrno brasileiro, indicadas nos artigos em causa, se aplicarão ao conjunto dos projetos, podendo, entretanto, variar para cada projeto tomado isoladamente.

2. Esta carta e a de resposta de Vossa Excelência constituirão válida interpretação do texto dos artigos III e IV.

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

San Tiago DANTAS

A Sua Excelência o Senhor Dean Rusk  
Secretário de Estado dos Estados Unidos da América

[TRANSLATION<sup>1</sup> — TRADUCTION<sup>2</sup>]

EMBASSY OF THE UNITED STATES OF BRAZIL

Washington, April 13, 1962

Mr. Secretary of State,

With reference to Articles III and IV of the Agreement between our two Governments, signed today,<sup>3</sup> on the Cooperation of the Government of the United States of America for the Promotion of Economic and Social Development in the Brazilian Northeast, I have the honor to express the understanding of my Government that

<sup>1</sup> Translation by the Government of the United States of America.

<sup>2</sup> Traduction du Gouvernement des États-Unis d'Amérique.

<sup>3</sup> See p. 228 of this volume.



the proportions between the contribution of the United States of America and the expenditure of its own funds by the Brazilian Government, indicated in the aforesaid articles, will be applied to all the projects, being subject, however, to variation for each project considered individually.

This letter and Your Excellency's reply will constitute the valid interpretation of the text of Articles III and IV.

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

San Tiago DANTAS

His Excellency Dean Rusk  
Secretary of State of the United States of America

## II

### *The Secretary of State to the Brazilian Minister of External Relations*

DEPARTMENT OF STATE

Washington, April, 13 1962

Dear Mr. Minister :

This is to acknowledge receipt of your letter of April 13, 1962, concerning the interpretation of Articles III and IV of the Agreement between our two Governments on the Cooperation of the Government of the United States of America for the Promotion of Economic and Social Development in the Brazilian Northeast, and to confirm the understanding set forth in your letter.

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

Sincerely yours,

Dean RUSK

His Excellency Francisco Clementino de San Tiago Dantas  
Minister of External Relations of the  
Republic of the United States of Brazil