

No. 9256

**UNION OF SOVIET SOCIALIST REPUBLICS
and
BRAZIL**

**Trade and Payments Agreement. Signed at Rio de Janeiro,
on 20 April 1963**

Official texts: Russian and Portuguese.

Registered by the Union of Soviet Socialist Republics on 25 September 1968.

**UNION DES RÉPUBLIQUES SOCIALISTES
SOVIÉTIQUES
et
BRÉSIL**

**Accord de commerce et de paiement. Signé à Rio de Janeiro,
le 20 avril 1963**

Textes officiels russe et portugais.

Enregistré par l'Union des Républiques socialistes soviétiques le 25 septembre 1968.

[TRANSLATION — TRADUCTION]

No. 9256. TRADE AND PAYMENTS AGREEMENT¹
BETWEEN THE UNION OF SOVIET SOCIALIST REPUBLICS
AND THE UNITED STATES OF BRAZIL. SIGNED
AT RIO DE JANEIRO, ON 20 APRIL 1963

The Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics and the President of the Republic of the United States of Brazil,

Noting with satisfaction the favourable development of trade relations between the two countries,

Desiring, in a spirit of friendship and mutual understanding, to develop trade relations and economic co-operation between the two countries on the basis of the principles of equality and mutual benefit,

Have decided to conclude a Trade and Payments Agreement and have for this purpose appointed as their plenipotentiaries :

The Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics :
Mr. Andrei Andronovich Fomin, Ambassador Extraordinary and Plenipotentiary of the USSR to Brazil, and Mr. Sergei Arkadyevich Mkrtumov, Head of Department, USSR Ministry of Foreign Trade,

The President of the Republic of the United States of Brazil : Mr. Hermes Lima, Minister for Foreign Affairs, and Mr. Francisco Clementino de Santiago Dantas, Minister of Finance,

Who, having presented their full powers, found in good and due form, have agreed as follows :

Article 1

The Contracting Parties shall do everything in their power to increase the exchange of goods between the two countries. For this purpose the competent authorities of both Parties shall, in accordance with the laws in force in their respective countries concerning foreign trade and currency control, provide the necessary administrative and currency facilities for the trade transactions governed by this Agreement, particularly in matters relating to the issue of export and import licences, where necessary, for the execution of commercial contracts between Soviet foreign trade organizations and Brazilian natural or legal persons.

¹ Came into force on 14 April 1965 by the exchange of the instruments of ratification which took place at Moscow, in accordance with article 21.

The Contracting Parties shall apply the provisions of this Agreement in a manner conducive to maintaining a balance in the payments made for the goods exchanged.

Article 2

The Contracting Parties shall, in all matters relating to trade and navigation, accord each other treatment which is no less favourable in any respect than the treatment which each of them accords or may accord to any third country.

Such treatment shall be accorded, in particular, in all matters relating to customs duties and charges and domestic taxes and charges of all kinds on the processing, distribution or consumption of imported goods, to restrictions or prohibitions, and to regulations and formalities relating to the import and export of goods.

The provisions of this article shall not extend to :

- (a) Advantages and privileges arising out of a customs union which may hereafter be concluded by either of the Contracting Parties;
- (b) Advantages and privileges which Brazil has granted or may hereafter grant to States Parties to the Treaty of Montevideo of 18 February 1960 in accordance with the provisions of the said Treaty; and
- (c) Advantages and privileges which either of the Contracting Parties has granted or may hereafter grant in respect of the import into its territory of the natural and manufactured products of adjacent countries and the export to those countries of natural and manufactured products originating in the territory of either Contracting Party.

Article 3

Execution of commercial contracts concluded in accordance with this Agreement shall not entail liability on the part of either Government or any other natural or legal persons, except in cases in which they are parties to the contracts.

Article 4

Export and import licences issued by the competent authorities of each of the Contracting Parties during the period when this Agreement is in force shall remain valid after its expiry.

Article 5

Soviet nationals and legal persons established in accordance with the laws in force in the USSR shall, in conformity with Brazilian law, enjoy the same

treatment with respect to the protection of their persons and property as is accorded to the nationals and legal persons of any other State, when they are exercising their commercial activities in the territory of Brazil, either directly or through their appointed agents, in compliance with the conditions on which such activities are permitted by the laws and regulations of Brazil.

Brazilian nationals and legal persons established in accordance with the laws in force in Brazil shall, in conformity with the law of the USSR, enjoy the same treatment with respect to the protection of their persons and property as is accorded to the nationals and legal persons of any other State when they are exercising their commercial activities in the territory of the USSR, either directly or through their appointed agents, in compliance with the conditions on which such activities are permitted by the laws and regulations of the USSR.

The nationals and legal persons of each Contracting Party, as described in this article, shall have access to the courts of the other Contracting Party on the same basis as the nationals and legal persons of any other State.

Article 6

Goods exported from one country and imported into the other in accordance with this Agreement, including articles 13 and 14, shall be earmarked for domestic consumption or processing in the territory of the importing country.

Paragraph 1. Goods may be re-exported by one of the Contracting Parties only with the prior and express consent of the other Party in each case and only in compliance with the obligations assumed by each of the Contracting Parties under international agreements.

Paragraph 2. In cases where re-exportation is authorized, the Contracting Party re-exporting the goods shall ensure that the contracts for the purchase and sale of the goods re-exported include a mandatory provision stating that the goods may not be further re-exported. The Contracting Party re-exporting the goods shall be liable to the other Party if the final purchaser of the goods in the third country fails to comply with the said provision.

Paragraph 3. Payment for goods re-exported shall be made through the Accounts or Special Accounts provided for in articles 7 and 14 respectively of this Agreement, or in a currency to be agreed upon by the Contracting Parties.

Article 7

Payments between the Union of Soviet Socialist Republics and the United States of Brazil shall be made in the USSR through the Foreign Trade Bank of the USSR and in the United States of Brazil through the Bank of Brazil.

The Foreign Trade Bank of the USSR, acting on behalf of the Government of the USSR, shall open an account, in United States dollars, in favour of the Bank of Brazil, to be known as the "Clearing Account of the Bank of Brazil".

The Bank of Brazil, acting on behalf of the Government of Brazil, shall open an account, in United States dollars, in favour of the Foreign Trade Bank of the USSR, to be known as "Clearing Account of the Foreign Trade Bank of the USSR".

The above-mentioned accounts shall hereinafter be referred to as "the Accounts".

Article 8

Payment for the following items shall be made through the Accounts mentioned in article 7 :

I. Payments for goods exported and imported under the terms of this Agreement.

II. Commercial and bank charges in connexion with the above-mentioned export and import operations, namely :

1. Freight charges;
2. Insurance (premiums and indemnities);
3. Expenses in connexion with the provisioning and repair of ships, and also port dues and similar charges;
4. Agents' commissions;
5. Expenses in connexion with sales promotion, including travel for commercial purposes, within the limits and subject to the conditions to be agreed upon between the Parties;
6. Commercial and bank interest;
7. Bank commissions and sums disbursed for postage, cables and radio-grams by the Banks mentioned in article 7 and the banks authorized to engage in currency operations;
8. Warehousing charges;
9. Court costs and similar expenses;
10. Expenses in connexion with the inspection and checking of goods;
11. Expenses in connexion with discrepancies in the weight, type and quality of goods.

III. Rental of cinematographic films.

IV. Travel expenses of official delegations.

V. Expenses in connexion with the organization and operation of exhibitions and fairs.

VI. Charges for air transport and related services rendered on the basis of agreements entered into between the air transport enterprises of the two countries.

VII. Expenses in connexion with the purchase or use of patents granted in the territory of either Party, or with the provision of technical assistance or with copyrights and similar rights.

VIII. Expenses in connexion with the maintenance of diplomatic missions, consular offices and trade delegations on terms to be agreed upon between the two Parties.

IX. Other payments made by prior agreement in each case between :

(a) The two Contracting Parties; or

(b) The authorized representatives referred to in article 20;

(c) The two Banks mentioned in article 7.

Article 9

The payments, as listed in article 8, between natural or legal persons domiciled in the USSR and natural or legal persons domiciled in Brazil shall be effected in accordance with the terms of this Agreement and with the laws and regulations in force in the two countries. The Contracting Parties shall not in this connexion impose any restrictions or prohibitions which are not imposed in respect of third countries.

Article 10

In order to facilitate trade between the two countries, the Foreign Trade Bank of the USSR and the Bank of Brazil shall grant each other a swing credit in the amount of 10 (ten) million United States dollars.

Paragraph 1. The authorized representatives referred to in article 20 may, if the development of trade so warrants, submit proposals to their respective Governments for adjusting the amount of the above-mentioned swing credit.

Paragraph 2. If the agreed limit for the above-mentioned swing credit is exceeded, any such excess shall be settled within 1 (one) year by deliveries of goods from the debtor country to the creditor country, which shall do everything in its power to facilitate such deliveries.

Paragraph 3. If any excess remains after the expiry of 1 (one) year, the authorized representatives referred to in article 20 shall meet for consultations with a view to determining the solution most satisfactory for both Parties.

Paragraph 4. If no satisfactory solution is found within 1 (one) month after the beginning of the consultations, the debtor Party shall pay the remainder of its debt in a freely convertible currency of the creditor Party's choice.

Paragraph 5. The net balance of the Accounts mentioned in article 7 shall bear interest at the rate of 3 (three) per cent per annum, which shall be credited to the Accounts.

Article 11

By agreement between the Parties concerned in each case, the Accounts mentioned in article 7 may be replenished by transfers of funds from clearing accounts maintained by either of the Contracting Parties with any third country. Similarly, by agreement between the Parties, transfers may be made from the accounts mentioned in article 7 to other clearing accounts maintained by either of the Contracting Parties with any third country.

Article 12

The rate of exchange of the United States dollar for the purpose of the Accounts, and also the export and import premiums and premiums on expenses incurred in accordance with this Agreement, shall be in line with the rate of exchange and premiums applicable to freely convertible United States dollars.

Article 13

After the expiry of this Agreement, the Accounts referred to in article 7 shall remain open for an additional period of 180 (one hundred and eighty) days. During the said additional period the Foreign Trade Bank of the USSR and the Bank of Brazil shall continue to accept payments for the credit of the Accounts and to make payments from them in respect of all contracts concluded and transactions carried out in accordance with this Agreement but not completed at the time of its expiry.

Paragraph 1. During the said additional period the debtor Party shall settle the balance outstanding in the Accounts by deliveries of goods to the creditor Party, if possible, or by other operations agreed upon in advance.

Paragraph 2. After the expiry of the said period of 180 (one hundred and eighty) days, the net balance outstanding shall be settled by the debtor Party in

a freely convertible currency of the creditor Party's choice in the following manner :

- (a) Any excess over the limit of the reciprocal swing credit shall be settled forthwith;
- (b) 50 (fifty) per cent of the remainder shall be paid within the next 30 (thirty) days, i.e., not later than 210 (two hundred and ten) days after the date of expiry of the Agreement;
- (c) The remainder shall be paid within the next 30 (thirty) days, i.e., not later than 240 (two hundred and forty) days after the expiry of the Agreement.

Article 14

The competent Soviet authorities shall agree that Soviet foreign trade organizations exporting machinery and equipment may offer Brazilian purchasers deferred payment terms in accordance with the laws in force in the USSR.

The terms for such payments shall be specified in the contracts concluded between Soviet foreign trade organizations and Brazilian natural or legal persons.

The following provisions shall apply to payments made in accordance with such contracts :

1. During the period when the Agreement is in force, including the additional period of 180 (one hundred and eighty) days referred to in article 13, payments due under the said contracts shall be deposited to the Accounts referred to in article 7 of the Agreement, within the time-limits specified in the contracts.

2. If, upon the expiry of 180 (one hundred and eighty) days after the Agreement ceases to have effect, the payments due under the said contracts have not yet been completed, the Foreign Trade Bank of the USSR shall open an account, in United States dollars, in favour of the Bank of Brazil, to be known as " Bank of Brazil-Special Account " and the Bank of Brazil shall open an account, in United States dollars, in favour of the Foreign Trade Bank of the USSR, to be known as " USSR Foreign Trade Bank-Special Account ", hereinafter referred to as " the Special Accounts ";

3. The net balance of the Special Accounts shall bear interest at the rate of 3 (three) per cent per annum, which shall be credited to the Special Accounts.

4. All uncompleted payments relating to the above-mentioned contracts shall, within the time-limits specified in the contracts, be deposited to the Special Accounts which shall remain open until such time as the contracts have been fully executed and the payments due thereunder have been completed;

5. The funds in the Special Accounts shall be used by Soviet foreign trade organizations to pay for goods purchased in Brazil, and for making other payments as provided for in this Agreement;

6. Contracts for the purposes referred to in the preceding sub-paragraph shall be concluded and executed, and payments relating to them shall be made, in accordance with the provisions of this Agreement;

7. Upon the expiry of 6 (six) months after the date of the last payment relating to such transactions, any balance remaining in the Special Accounts shall be paid immediately by the debtor Party in a freely convertible currency of the creditor Party's choice;

8. The authorized representatives referred to in article 20 shall continue to meet, when necessary, until all payments into the Special Accounts have finally been completed, with a view to examining any difficulties which may arise in connexion with the application of this article.

Article 15

The conversion of the currency of the Accounts and Special Accounts mentioned in articles 7 and 14 respectively of this Agreement, into a freely convertible or other currency and vice versa, shall be effected on the basis of the gold parity of the currencies concerned on the date of each operation.

Article 16

Within 1 (one) month from the date of signature of this Agreement the Foreign Trade Bank of the USSR and the Bank of Brazil shall jointly establish the procedure for keeping the accounts and making the payments referred to in this Agreement.

The understanding between the Banks with respect to these questions shall enter into force on the date of the exchange of notes signifying approval of this Agreement.

Article 17

The balance of the accounts referred to in article VIII of the "Agreement on the Understanding reached between the Trade Mission of the USSR and the Trade Mission of the United States of Brazil concerning problems of trade and payments", signed in Moscow on 9 December 1959, shall be transferred to the Accounts to be opened in accordance with article 7 of this Agreement on the date of its provisional entry into force, as provided for in article 21.

With effect from that date, all payments due under the terms of contracts previously concluded or authorized, but not completed, shall be deposited to the Accounts referred to in article 7.

Article 18

After the expiry of this Agreement, its provisions shall be applied to all contracts concluded in accordance with the Agreement but not completed before the date of its expiry, including contracts concluded in accordance with article 13, paragraph 1, and article 14, sub-paragraph (5).

Article 19

With a view to facilitating the transport of goods between the USSR and Brazil, the Contracting Parties shall instruct their respective competent authorities to negotiate as soon as possible an agreement or agreements on questions of shipping and the equitable distribution of freight between the two countries on the basis of the following principles :

1. Wherever possible, goods shall be carried on ships flying the Soviet or Brazilian flag. The Contracting Parties shall endeavour to ensure that the carriage of goods between the USSR and Brazil in both directions is shared in equal proportions between ships flying the Soviet and Brazilian flags, the sharing to be based on the total freight charges payable.

2. If one of the Contracting Parties is unable to carry its apportioned share of a cargo on its own ships, the said share may be carried on ships of the other Contracting Party or, if the latter Party does not have enough ships available, on ships flying the flags of other countries. For such purposes, ships flying the flags of other countries but chartered by Soviet or Brazilian shipping companies shall also be deemed to be ships flying the national flag.

3. The foregoing provisions shall not serve as grounds for charging freight rates higher than those prevailing on the world market, or for delays in the shipment of goods from either country.

Article 20

In order to supervise the application of this Agreement, to consider all questions relating to its application and to submit to the Governments of the Contracting Parties proposals of all kinds for increasing trade and strengthening economic relations between the two countries, the two Governments shall appoint authorized representatives, who shall meet as a mixed commission in the territory of either country not more than 45 (forty-five) days after a request for a meeting has been submitted by one of the Contracting Parties.

Article 21

This Agreement shall be submitted for approval to the competent organs or authorities of each of the Contracting Parties, in accordance with their constitutional provisions.

It shall enter into force provisionally on the date of the exchange of notes in which the two Parties notify each other of their approval.

The Agreement shall enter into force finally with effect from the date of the exchange of the instruments of ratification, which shall take place in Moscow as soon as possible, and it shall remain in force for a period of 5 (five) years from that date.

If, at least 90 (ninety) days before the expiry of the said period of five years, neither Contracting Party has given notice to the other Party of its intention to denounce the Agreement, the Agreement shall remain in force for the 1 (one) year next following, and for further periods of one year thereafter until one of the Contracting Parties notifies the other Contracting Party, at least 90 (ninety) days before the expiry of a one-year period, of its intention to denounce the Agreement.

IN WITNESS WHEREOF the plenipotentiaries named in the preamble have signed this Agreement and affixed their seals thereto.

DONE at Rio de Janeiro on 20 April 1963, in duplicate in the Russian and Portuguese languages, both texts being equally authentic.

A. FOMIN
S. MKRTUMOV

Hermes LIMA
SANTIAGO DANTAS