

No. 17485

**UNITED STATES OF AMERICA
and
PORTUGAL**

**Loan Agreement relating to T-38 aircraft, spare engines and
flight line support equipment (with attachment). Signed
at Washington on 19 January 1977**

Extension of the above-mentioned Agreement

Authentic text: English.

The Agreement and the certified statement were registered by the United States of America on 22 January 1979.

**ÉTATS-UNIS D'AMÉRIQUE
et
PORTUGAL**

**Accord relatif au prêt d'avions T-38, de moteurs de rechange
et de matériel opérationnel au sol (avec annexe). Signé
à Washington le 19 janvier 1977**

Prorogation de l'Accord susmentionné

Texte authentique : anglais.

L'Accord et la déclaration certifiée ont été enregistrés par les États-Unis d'Amérique le 22 janvier 1979.

LOAN AGREEMENT¹ BETWEEN THE GOVERNMENT OF PORTUGAL AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA RELATING TO T-38 AIRCRAFT, SPARE ENGINES AND FLIGHT LINE SUPPORT EQUIPMENT

LOAN AGREEMENT made between the GOVERNMENT OF THE UNITED STATES OF AMERICA and the GOVERNMENT OF PORTUGAL pursuant to the Mutual Defense Assistance Agreement between the United States of America and Portugal, January 5, 1951.²

The parties hereto agree that the United States Department of the Air Force (hereinafter USAF) will loan under the authority of title 22 United States Code, section 2311, to the Government of Portugal (hereinafter "GOP") six T-38 aircraft, four J-85-5 spare engines and flight line support equipment for use by the Portuguese Air Force upon and subject to the above-mentioned agreement, and related agreements, and to the specific terms and conditions hereinafter provided:

1. LOANED PROPERTY

(A) The property loaned hereunder consists of six T-38 aircraft, four J-85-5 spare engines and flight line support equipment as set forth in the schedule attached hereto.

(B) The property for the time being subject to loan is referred to in this loan agreement as the "loaned property" or the "loaned equipment".

2. LOAN PERIOD

(A) The loan shall be effective in January 1977 and shall continue until 30 September 1977.

(B) The United States Government (hereinafter "USG") shall have the right to immediate repossession and return of all or any part of the loaned equipment at any time during the period of the loan.

3. USE OF LOANED PROPERTY

The loaned equipment shall bear Portuguese markings, and shall, from the time it is accepted, be used by the GOP as if it were owned by the GOP, subject to the stipulations in paragraph 4 below.

4. CONDITIONS OF OPERATION AND MAINTENANCE

The GOP shall operate and maintain the loaned property to USAF standards while it is under GOP control, including required modifications, periodic overhauls, technical order compliance as specified by the USAF, and any other actions that would be taken by the GOP if the equipment were owned by the GOP and maintained to standards equivalent to those applied by the USAF.

5. TITLE

Title to the loaned property is and shall remain in the USG. Any property attached to or incorporated in the loaned property by the GOP shall, if part of the normal USAF

¹ Came into force on 19 January 1977 by signature.

² United Nations, *Treaty Series*, vol. 133, p. 75.

configuration of the item of property concerned, become the property of the USAF. If not part of the configuration, GOP will remove such modification prior to return of the equipment or other items to the USAF.

6. DELIVERY AND ACCEPTANCE

The equipment to be loaned shall be delivered to GOP in January 1977 at a mutually agreed place in Portugal.

7. GRANT SUPPORT

(A) Initial repair parts and consumables for the loaned equipment will be granted to GOP under the military assistance program by the USG.

(B) Consumables and repair parts (other than loaned equipment) granted to the GOP will be delivered to a place to be designated in Portugal.

8. LIABILITY FOR LOANED PROPERTY

(A) With respect to the loaned equipment, the GOP obligation is to return to the USAF the loaned equipment in the condition specified in paragraph 11. In the event of total loss or damage beyond economic repair as determined by the two parties, the GOP will reimburse the USAF the value of the loaned equipment. The value each T-38 aircraft for the purposes above will be \$555,344 and the value of each spare engine is \$117,866. The value of the flight line support equipment is as stated for each item in the schedule attached hereto.

(B) When the GOP pays the above, the damaged equipment shall become the property of the GOP pursuant to foreign military sales authority and procedures.

9. CLAIMS

(A) The GOP will indemnify and hold the USG, its officers, employees, agents and contractors harmless from any and all loss or liability which might arise in connection with its possession and use of the loaned property because of injury to or death of personnel of the GOP or damages to or destruction of property of the GOP.

(B) As between the parties, and except as provided below, the GOP assumes all responsibility for third party claims arising out of its possession and use of the loaned property and will hold the USG, its officers, employees, agents and contractors harmless from any and all such claims. The GOP is not precluded, however, from pursuing its legal remedies against other parties, who may be legally liable for the damage, loss, or injury, and will be subrogated to any rights the USG may have against any such party.

(C) Subparagraph (B) above shall not apply when the loaned equipment is actually in the possession and control of the USG. The equipment shall be regarded as in USG possession and control during transportation from the United States to Portugal at the commencement of the loan period and from the point of return to the USAF in Portugal on expiration or termination of the loan period.

10. SECURITY

(A) The GOP shall not, without the prior consent of the USG, permit access to, or use of the loaned equipment, documents, or information relating hereto that are provided by USAF under this loan agreement except to military personnel, civilian employees, contractors, or agents of the GOP.

(B) The GOP shall undertake such security measures as are necessary to afford classified articles, documents, or information substantially the same degree of protection afforded by the USAF in order to prevent unauthorized disclosure or compromise.

11. RETURN OF LOANED PROPERTY

Upon the expiration, or any total or partial termination of this loan agreement, each item of loaned property shall be returned by the GOP to USAF control at a mutually agreed place in Portugal. The equipment shall be returned to the USAF in the condition in which it would have been had it been operated, maintained and modified by the USAF. Costs of restoring the equipment to the condition specified in paragraph 4 above will be borne by the GOP, and may be financed, if funds therefor are available, under the military assistance program.

IN WITNESS THEREOF, the duly authorized official of the two Governments have signed this Loan Agreement at the city of Washington, D.C.

For the Government
of the United States of America:

[Signed]

Date: 19 Jan. 1977

Title: H. M. FISH

Lieutenant General, USAF, Director,
Defense Security Assistance
Agency

For the Government
of Portugal:

JOÃO HALL THEMIDO

Date: 19 Jan. 1977

Title: Ambassador of Portugal

SUPPORT EQUIPMENT ATTACHMENT TO LOAN AGREEMENT BETWEEN THE GOVERNMENT OF
PORTUGAL AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA

The support equipment package (flight line equipment only) contains approximately 146 line items with an approximate value of \$319,728. Major items are:

<i>Item (number)</i>	<i>\$ value (each)</i>
Trailer (1)	12,606
Power Unit (2)	15,200
Cabin Pressure Leakage Tester (1)	12,491
Engine Trim Test Set (1)	13,880
Hydraulic Test Stand (2)	19,376
Jet Cal Test Set (1)	10,233
Stab Aux Sys Test Set (1)	12,266
Pitot Static Test Set (1)	12,337
Cabin Pressure Test Set (1)	5,000
Generator Test Set (2)	12,000
LOX Storage Tank (1)	6,347

EXTENSION OF THE LOAN AGREEMENT OF 19 JANUARY 1977
BETWEEN THE GOVERNMENT OF PORTUGAL AND THE GOVERN-
MENT OF THE UNITED STATES OF AMERICA RELATING TO
T-38 AIRCRAFT, SPARE ENGINES AND FLIGHT LINE SUPPORT
EQUIPMENT¹

By an agreement dated at Washington on 29 September 1977, which came into force on 29 September 1977 by signature, the above-mentioned Agreement of 19 January 1977 was extended through 30 September 1978.

¹ See p. 58 of this volume.