

No. 19067

**BRAZIL
and
HUNGARY**

**Trade and Payments Agreement. Signed at Brasília on
30 April 1979**

Authentic texts: Portuguese and Hungarian.

Registered by Brazil on 29 August 1980.

**BRÉSIL
et
HONGRIE**

**Accord relatif au commerce et aux paiements. Signé à
Brasília le 30 avril 1979**

Textes authentiques : portugais et hongrois.

Enregistré par le Brésil le 29 août 1980.

[TRANSLATION — TRADUCTION]

TRADE AND PAYMENTS AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE FEDERATIVE REPUBLIC OF BRAZIL AND THE GOVERNMENT OF THE HUNGARIAN PEOPLE'S REPUBLIC

The Government of the Federative Republic of Brazil and the Government of the Hungarian People's Republic, hereinafter referred to as the "Contracting Parties",

Bearing in mind that both countries are parties to the General Agreement on Tariffs and Trade, in harmony with which the bilateral trade between them will be conducted, and that they mutually recognize their rights and obligations arising out of their participation in the said General Agreement,

Prompted by the desire to strengthen and develop trade relations between the two countries on the basis of equality and mutual interest,

Having determined that the Agreement on Trade, Payments and Economic Co-operation signed on 15 May 1961 is no longer suitable to the present dynamics of the trade between the two countries, have decided to revoke it and to conclude a new Trade and Payments Agreement containing the following provisions:

Article I. The Contracting Parties, motivated by their interest in developing economic relations between them, shall endeavour by every means at their disposal to increase trade between the two countries.

Article II. With regard to import duties and to taxes of every kind involving or connected with imports and exports or to taxes of every kind relating to international transfers for the payment of imports and exports, and with regard to the method of application of the said taxes and charges and to all regulations and formalities relating to imports and exports, any advantage, preference, privilege or immunity accorded by either Contracting Party to any product originating in or destined for a third country shall be immediately and unconditionally accorded to a similar product originating in or destined for the territory of the other Contracting Party.

Article III. The provisions of this Agreement shall not apply to those advantages, exemptions, facilities and treatment which:

- (a) Either Contracting Party has accorded or may hereafter accord to adjacent countries or for the purpose of facilitating frontier traffic;
- (b) Either Contracting Party has accorded or may hereafter accord to the other members of free-trade zone or customs union of which it is a member;
- (c) Either Contracting Party has accorded or may hereafter accord as a result of multi-lateral trade agreements which have been concluded between developing countries and to which the Hungarian People's Republic is not a party;
- (d) The Hungarian People's Republic accords in conformity with article 3 (a) and annex A of its Protocol of accession to the General Agreement on Tariffs and Trade.

Article IV. Imports and exports of goods and services under this Agreement shall be effected on the basis of contracts concluded with due regard for the legal provisions relating to the foreign-trade activities of the Contracting Parties.

¹ Came into force on 12 June 1980, i.e., the date of the exchange of notes by which the Contracting Parties notified each other of the completion of the necessary formalities, in accordance with article XXIV.

Sole paragraph. Execution of the commercial contracts shall be the sole responsibility of the parties thereto, and the Governments shall be responsible only in those cases in which they are parties to a contract.

Article V. With due regard for the legislation of the Hungarian People's Republic, nationals and bodies corporate of the Federative Republic of Brazil engaging in the activities referred to in article IV of this Agreement shall enjoy in Hungary the same rights with respect to protection of their persons and property as the nationals and bodies corporate of any other State.

With due regard for the legislation of the Federative Republic of Brazil, nationals and bodies corporate of the Hungarian People's Republic engaging in the activities referred to in article IV of this Agreement shall enjoy in Brazil the same rights with respect to protection of their person and properties as the nationals and bodies corporate of any other State.

Article VI. The Contracting Parties shall endeavour, by every means at their disposal and whenever possible, to ensure that the flow of exports between them gradually takes the form of manufactures and semi-manufactures of interest to both Parties, without prejudice to the export of new raw materials and of those products which have hitherto constituted their traditional exports.

Article VII. With a view to promoting the exchange of goods between the two countries, the Contracting Parties shall endeavour to encourage the exchange of commercial information and the holding of fairs and exhibitions in their respective territories and shall, whenever necessary, sponsor reciprocal visits by specialists in the economic and commercial field.

To that end, the Parties shall extend to each other the facilities provided for in their respective laws.

Article VIII. The Contracting Parties shall, with due regard for the laws in force in the territory of the Contracting Party concerned, permit the import and export free of customs duties of the following items:

- (a) Products and goods of no commercial value and commercial advertising material which are intended for introductory purposes;
- (b) Products and materials intended for permanent or temporary fairs and exhibitions, on condition that such products and materials are admitted on a temporary basis;
- (c) Machinery, tools and materials admitted on a temporary basis to the territory of one of the Contracting Parties constituting necessary instruments for the performance of contractual services, including assembly and repair work, on condition that such goods shall not be sold.

Article IX. The prices of the products and goods traded between the two countries shall be determined in the relevant contracts concluded between the individuals, bodies corporate and organizations referred to in article V of this Agreement, on the basis of world market prices for products and goods of the same or comparable quality and character. In the case of products and goods for which a world market price cannot be quoted, such competitive world prices for other similar products and goods as are recognized in the respective markets shall be applied.

Article X. The goods covered by this Agreement shall be those originating in the Contracting Parties and earmarked exclusively for internal consumption or for processing by the industries of the importing country.

Consequently, re-export and goods originating in third countries and acquired by one of the Contracting Parties cannot be considered within the framework of this Agreement unless one of the Contracting Parties obtains the other's prior consent. In the absence

of prior approval from the Central Bank of Brazil and the Hungarian Foreign Trade Bank, payment may be demanded in freely convertible currency.

Article XI. The vessels of each Contracting Party and the cargoes and crews of the said vessels shall enjoy most-favoured-nation treatment in the seaports, internal marine waters or inland waters of the other Contracting Party.

These provisions shall not apply to national cabotage, fishing and towing or to pilotage service in the territorial waters of the two Contracting Parties.

Each Contracting Party undertakes to regard as valid all documents issued or approved by the competent authorities of the other Contracting Party.

Article XII. The Central Bank of Brazil, acting on behalf of the Government of the Federative Republic of Brazil, shall open an account in free United States dollars in the name of the Hungarian Foreign Trade Bank, acting on behalf of the Government of the Hungarian People's Republic, hereinafter referred to as "the Account", required for the making of payments arising out of the commercial operations covered by this Agreement.

Paragraph 1. The receipts and payments recorded in the said Account shall be those in respect of:

- (a) Exports and imports of goods earmarked for consumption, use and processing in the two countries, in accordance with the provisions of article X of this Agreement;
- (b) Commercial and bank charges relating to exports and imports, such as freight charges for goods transported under the flag of one of the two countries, commissions, insurance and reinsurance premiums, commercial and bank interest and other costs pertaining to such transactions;
- (c) Costs for repairs done in Brazil or in Hungary to ships flying the flag of either Contracting Party;
- (d) Costs for provisioning of ships, excluding supplies of fuel and lubricants;
- (e) Other transactions, subject in each case to the prior approval of the Central Bank of Brazil and the Hungarian Foreign Trade Bank.

Paragraph 2. The Account shall be free of commissions and charges.

Paragraph 3. The transaction covered by this Agreement shall be invoiced in United States dollars.

Article XIII. With a view to facilitating trade between the two countries, the Contracting Parties shall grant to each other a technical credit whose limits shall be fixed by agreement between the Central Bank of Brazil and the Hungarian Foreign Trade Bank.

The balance of the Account shall bear interest which shall be computed and paid every month or, if necessary, at the time when the Account is closed. The amount of the interest shall be established by understanding between the two banks pursuant to the provisions of article XIV of this Agreement.

Article XIV. If the limit of the reciprocal rotating technical credit is exceeded, the debtor Contracting Party shall endeavour to increase its exports, and the creditor Contracting Party shall take appropriate measures to promote an increase in its imports.

Paragraph 1. Nevertheless, in the interests of the development of trade, the two banks shall at all times, by agreement between them, promote transactions that will help to maintain the balance of the Accounts at a level commensurate with the purpose of this Agreement, whether or not the technical line of credit provided for in article XIII is exceeded.

Paragraph 2. The measures referred to in this article shall be without prejudice to the right of the creditor bank to demand payment by the debtor bank at any time, in

a convertible currency specified by the creditor bank, of the amount by which the line of credit is exceeded, and the debtor bank shall be required to comply immediately with the demand of the creditor bank.

Article XV. The Central Bank of Brazil and the Hungarian Foreign Trade Bank shall, within the limits of their authority, decide upon the technical measures required for this execution of the Agreement, as soon as the Contracting Parties have notified each other of the completion of the necessary formalities for its entry into force.

Article XVI. Transfer of consulate receipts shall not be made through the Account but shall, at the request of either Contracting Party, be authorized in freely convertible currency in accordance with the relevant regulations.

Article XVII. Upon the entry into force of this Agreement, the balance of the Account referred to in the Agreement on Trade, Payments and Economic Co-operation signed on 15 May 1961 shall be transferred, in a manner to be agreed upon between the two banks, to the Account provided for in article XII of this Agreement.

Article XVIII. Upon the expiry of this Agreement, the Account referred to in article XII shall remain open in order that payments in respect of transactions authorized by the competent authorities of the two countries during the period of validity of the Agreement but not yet completed may be credited to it.

Paragraph 1. Payments in respect of any new transactions approved for the purpose of liquidating the remaining balance shall also be credited to the account.

Paragraph 2. At the end of each period of 180 days calculated from the date of the expiry of this Agreement, the balance remaining in the Account, together with the relevant interest, shall be liquidated immediately by the debtor bank, at the request of the creditor bank, in a freely convertible currency to be agreed upon between the two banks.

Article XIX. Payments resulting from contracts for the supply of machinery and equipment under long-term financing arrangements approved by the competent authorities of the two countries shall be credited to the account referred to in article XII.

Sole paragraph. For the purposes of this article, "long-term financing arrangements" means arrangements providing terms of payment of more than 360 days from the date of shipment of the goods.

Article XX. The competent authorities of the Contracting Parties reserve the right to require, when necessary, a certificate of origin issued by the competent authorities of the exporting country in respect of the goods which are imported.

Article XXI. The expiry of this Agreement shall not affect:

- (a) The validity of approvals given during the term of the Agreement by the authorities of the two Contracting Parties;
- (b) The validity of commercial and financial contracts concluded during the term of the Agreement and not yet executed;
- (c) The full application to the aforementioned contracts of all provisions of the Agreement and in particular of articles XVIII and XIX.

Article XXII. With a view to developing trade relations between the two countries and promoting economic co-operation between the Federative Republic of Brazil and the Hungarian People's Republic, the Contracting Parties agree to establish a mixed commission composed of representatives of the two countries, which shall meet at the request of either Party, at least once every two years, alternately in the two capital cities.

Article XXIII. The Agreement on Trade, Payments and Economic Co-operation signed on 15 May 1961 is revoked. The revocation shall be without prejudice to the

validity of commercial and financial contracts concluded during the term of that Agreement.

Article XXIV. This Agreement shall be subject to approval by the competent authorities of each of the Contracting Parties, in accordance with their respective legal positions.

The Contracting Parties shall notify each other of the completion of the necessary formalities for the entry into force of the Agreement, which shall enter into force with effect from the date of the exchange of such notifications, for a period of two years, and shall thereafter be automatically extended for successive periods of one year, unless denounced, through the diplomatic channel, at least 180 days before the expiry of any such period.

Article XXV. DONE at Brasília on 30 April 1979, in duplicate in the Portuguese and Hungarian languages, both texts being equally authentic.

For the Government
of the Federative Republic of Brazil:

[Signed]
RAMIRO SARAIVA GUERREIRO

For the Government
of the Hungarian People's Republic:

[Signed]
BÉLA SZALAI