

No. 23562

**MEXICO
and
BRAZIL**

**Programme of work for bilateral economic co-operation
1984-1985. Signed at Brasília on 30 March 1984**

*Authentic texts: Spanish and Portuguese.
Registered by Mexico on 18 September 1985.*

**MEXIQUE
et
BRÉSIL**

**Programme de travail relatif à la coopération économique
bilatérale 1984-1985. Signé à Brasília le 30 mars 1984**

*Textes authentiques : espagnol et portugais.
Enregistré par le Mexique le 18 septembre 1985.*

[TRANSLATION — TRADUCTION]

PROGRAMME¹ OF WORK FOR BILATERAL ECONOMIC CO-OPERATION BETWEEN THE GOVERNMENTS OF THE UNITED MEXICAN STATES AND THE FEDERATIVE REPUBLIC OF BRAZIL, 1984-1985

As a result of the understandings reached by the Presidents of Mexico and Brazil at meetings held at Brasília from 28 to 30 March, the two Governments have agreed to carry out jointly this programme of work for bilateral economic co-operation in 1984-1985. This programme, which is concerned with promoting the economic complementarity of the two countries, their mutual benefit and the availability of resources, establishes the operational bases for joint action in the areas of trade, industry, finance, energy, science and technology, maritime transport, and economic policy and planning.

I. TRADE CO-OPERATION

It was agreed that bilateral trade should be conducted in accordance with the following principles and norms:

- (i) Sustained expansion of trade flows in both directions, gradual removal of barriers to the marketing of goods, and increased exchanges of services between the two countries;
- (ii) Adoption of measures to permit a dynamic bilateral trade flow with balanced results and diversified composition;
- (iii) Joint exploration of opportunities for exporting goods and services to third countries;
- (iv) Establishment of mechanisms for the exchange of information on each country's actual and potential supply and demand, with a view to taking maximum advantage of the complementarity of their two economies;
- (v) Mutual support for each country's promotional activities by means of exchange visits by public and private businessmen, the organization of business and trade missions, and participation in fairs and exhibitions; and
- (vi) Strengthening of compensation credit and payment mechanisms, in order to expand bilateral trade.

It was therefore agreed to establish the following goals for 1984-1985:

- (i) Streamlining of administrative import procedures for products of common interest: in respect of products covered by Partial Agreement No. 9 and by the trade agreements to which both countries are parties within the framework of LAIA import permits or guidelines shall be issued, on a reciprocal basis, within the following time-limits:
 - 15 days, provided that applications do not exceed the annual volumes usually imported by the applicant company; and
 - 45 days, when the applications made exceed these volumes;

¹ Came into force on 30 March 1984 by signature.

- (ii) When it is advantageous or necessary to continue importing the products referred to in the previous subparagraph after their LAIA quotas have been used up, new quota levels shall be negotiated on a case-by-case basis;
- (iii) Adoption, on a reciprocal basis, of measures to facilitate and streamline trade and the participation of each country's companies in the other country's market:
 - (a) The Brazilian Government expressed an interest, *inter alia*, in the following products, sectors and opportunities: soya lecithin, magnesium phosphate, pig-iron, polypropylene, electronic tuners, stereophonic amplifiers, AM/FM receivers; soy beans, paper and wood-pulp, aluminium phosphide, petrochemicals, lubricants and paraffins; trolley buses, railway rails; capital goods: farm equipment, port-handling equipment, equipment for the petroleum, iron and steel, footwear and textile industries; projects for the establishment of fruit-processing units, the modernization of the sugar industry, and the installation of inflatable silos;
 - (b) The Mexican Government expressed an interest, *inter alia*, in the following products, sectors and opportunities: carbon electrodes, manganese dioxide, metallic and non-metallic minerals and their derivatives, chemical and petrochemical products, sulphur, ammonium sulphate, electrical and electronic parts and equipment, peripheral equipment for the computer industry; capital goods for the iron and steel, petroleum, petrochemical and plastics industries; projects for petroleum exploration, especially off-shore, expansion of the iron and steel industry, and infrastructure works;
- (iv) Granting, on a reciprocal basis and as far as possible, of preferential treatment with respect to public invitations to tender by either country, when there are proposals with Brazilian, Mexican or joint funding;
- (v) Development of special trade programmes for the purchase, on a reciprocal basis, of packages of specific products proposed by the business sectors of the two countries. The first transactions of this kind may include the following products: magnetic disks and tapes and peripheral equipment for computers; capital goods, railway rails; audio equipment components, typewriter components, mini-computers and other electronic goods;
- (vi) Consideration of the possibility of establishing unilateral regional tariff preferences, within the framework of LAIA and applicable to the whole of Latin America. Each of the region's more developed countries would grant a substantial tariff preference in respect of lists of products drawn up unilaterally in response to requests received, without requiring reciprocity, so that the lists could be changed at any time. It is hoped that other countries of the region will also grant unilateral preferences, proportionate to their level of development. This would mean that without waiting for the establishment of the LAIA Regional Tariff Preference (PAR), a powerful incentive would exist for the expansion and diversification of trade among Latin American countries.

II. INDUSTRIAL CO-OPERATION

The two Governments agreed that there are considerable prospects for complementarity and co-operation in the industrial sphere, with the participation of public, private and mixed corporations and in accordance with their respective national development plans.

For the short term, the following specific areas of co-operation were identified:

- (i) Pharmaceutical raw materials: establishment of a joint system of information on prices, demand, supply and technology with respect to these products, with a view to the possible switching of purchases, by Brazil and by Mexico, to their respective national companies;
- (ii) Capital goods: manufacture of universal centre lathes in Mexico, under a contract between Nardini S.A. and Ahmsa Fábrica Nacional de Máquinas Herrerías, using the technology of the Brazilian company;
- (iii) Sugar and alcohol industries: establishment of plans for co-operation between Azúcar S.A. and a suitable Brazilian company or entity, which would involve exchanges of technological and administrative information and information with respect to the production, processing and marketing of sugar and alcohol;
- (iv) Bauxite: continuation of co-operation in the industrial mining and marketing of bauxite;
- (v) Wood-pulp, hard fibres, capital goods, iron and steel industry and railway equipment and petro-chemical products. Reactivation of the BNDES/NAFINSA agreement, with a view to the priority consideration of co-operation among companies in these areas and the establishment of joint investment funds;
- (vi) Iron and steel industry products: reactivation of the technical co-operation agreement between SIDERBRAS and SIDERMEX and of the agreement between CONSIDER and CCIS, with a view to promoting exchanges of information on capital goods and the marketing of iron and steel products.

For the medium term, the two Governments confirmed the importance of promoting development projects in Brazil and in Mexico which will offer broader prospects for bilateral co-operation, including:

- (i) Establishment of port infrastructure projects, especially at the port of Altamira, with services and equipment provided by Brazilian and Mexican companies;
- (ii) Establishment of a pelletization plant at Altamira; and
- (iii) Expansion of the installed capacity of USIBA, using HYL III technology.

III. FINANCIAL CO-OPERATION

It was agreed that priority should be given to consideration of the following financial matters:

- (i) *Trade debt.* Establishment of a system of credit/foreign exchange coverage to be negotiated between the Banco do Brasil S.A. (CACEX) and the Banco Nacional de Comercio Exterior, to cover outstanding transactions which do not fall under the Agreement on Reciprocal Payments and Credits and which constitute debts of private Mexican importers to Brazilian exporters;
- (ii) *Agreement on Reciprocal Payments and Credits.* Expansion of the existing lines of credit between the Banco do Brasil S.A. (CACEX) and the Banco Nacional de Comercio Exterior, with a view to establishing amounts adequate to the needs of bilateral trade and avoiding frequent requests for special settlements. Appropriateness of channelling through the Agreement in accordance with the foreign exchange provisions in force in each country, all payments in connection with each country's imports from the other country;

- (iii) *Reciprocal lines of credit.* Establishment of a line of credit in the amount of US\$ 50 million from the Banco Nacional de Comercio Exterior to the Banco do Brasil S.A., equivalent to the line of credit already granted by the latter institution to the aforesaid Mexican bank;
- (iv) *Exchanges in the petroleum and petrochemical sectors.* Streamlining of the agreements between the Banco do Brasil S.A. (CACEX) and the Banco Nacional de Comercio Exterior, and the technical agreements between PETROBRAS and PEMEX, in order to extend the reciprocal financing facility for exports of petroleum (PEMEX) and petroleum and petrochemical products (PETROBRAS) up to 31 December 1984.

IV. ENERGY CO-OPERATION

Brazil expressed the hope that, in the event of the implementation of the project for the transmission of direct-current electricity by the Federal Electricity Commission, the proposal submitted by a consortium of Brazilian companies would be given consideration.

Mexico for its part expressed the interest of Mexican companies in participating in PETROBRAS prospecting programmes. It also indicated its desire to secure Brazilian co-operation in the area of hydroelectric power.

V. SCIENTIFIC AND TECHNOLOGICAL CO-OPERATION

It was agreed to give priority to the following objectives, without prejudice to other co-operation initiatives:

- (i) Establishment of a system of “bilateral risk-sharing” — a Mexican proposal being studied by Brazil — to promote the permanent exchange of technical and technological information and to generate local technologies developed jointly by small and medium-size companies of the two countries;
- (ii) Exchange in the current year of up to 20 fellowship holders for post-graduate courses in the two countries, under the young scientists exchange programme between CNPq and CONACYT; and
- (iii) Inclusion of micro-electronics among the areas covered by the programme of bilateral scientific and technical co-operation.

VI. CO-OPERATION IN MARITIME TRANSPORT

If sea freight becomes an obstacle to trade, consultations shall be held, in each specific case, between the parties directly concerned and the competent maritime authorities.

VII. CO-OPERATION IN ECONOMIC POLICY AND PLANNING

It was agreed that co-operation in this field should be continued, in accordance with the provisions of the Supplementary Agreement to the Basic Agreement on Technical and Scientific Co-operation signed at Cancún in April 1983.¹ For this purpose, a seminar on economic restructuring policies and the infrastructure for economic and social planning will be held at Brasília. Brazilian technicians will visit Mexico in the near future to spend time in Mexican economic research and planning institutions.

¹ United Nations, *Treaty Series*, vol. 1316, p. 89.

ADOPTED at Brasília on 30 March 1984, in two copies in the Spanish and Portuguese languages, both texts being equally authentic.

For the Government
of the United Mexican States:

[Signed]

BERNARDO SEPÚLVEDA AMOR
Minister for Foreign Affairs

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HECTOR HERNÁNDEZ CERVANTES
Minister for Trade
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For the Government
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[Signed]

RAMIRO SARAIVA GUERREIRO
Minister for Foreign Affairs

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ERNANE GALVÊAS
Minister for Finance
