No. 8435

DENMARK
and
BRAZIL

Agreement on a Danish Government loan to Brazil (with exchange of letters). Signed at Rio de Janeiro, on 8 July 1966

Official texts : English and Portuguese.
Registered by Denmark on 7 December 1966.

DANEMARK
et
BRÉSIL

Accord relatif à un prêt du Gouvernement danois au Brésil (avec échange de lettres). Signé à Rio de Janeiro, le 8 juillet 1966

Textes officiels anglais et portugais.

Enregistré par le Danemark le 7 décembre 1966.

No. 8435. AGREEMENT[1] BETWEEN THE GOVERNMENT OF DENMARK AND THE GOVERNMENT OF BRAZIL ON A DANISH GOVERNMENT LOAN TO BRAZIL. SIGNED AT RIO DE JANEIRO, ON 8 JULY 1966

The Government of Denmark and the Government of Brazil desiring to strengthen the traditional co-operation and cordial relations between their countries, have agreed that, as a contribution to Brazil's Development Plans a Danish Government Loan will be extended to Brazil in accordance with the following provisions :

Article I

THE LOAN

The Government of Denmark (hereinafter called the Lender) agrees to make available to the Government of Brazil (hereinafter called the Borrower) a development loan in an amount of twenty-one (21) million Danish Kroner for the procurement of capital equipment and services as described in Article VI of this Agreement.

Article II

CREDIT ACCOUNT

Section 1. An account designated "Government of Brazil Special Account" (hereinafter called "Special Account") will be opened with Danmarks Nationalbank (acting as agent for the Lender) in favour of the Borrower or Banco Nacional do Desenvolvimento Econômico (acting as agent for the Borrower). The Lender will ensure that sufficient funds are always available in the Special Account to enable the Borrower to effect punctual payment for goods and services procured under this Loan, provided that the amounts successively made available to the Borrower shall not, in the aggregate, exceed the loan amount specified in Article I.

Section 2. The Borrower (or Banco Nacional do Desenvolvimento Econômico acting as agent for the Borrower) shall be entitled, subject to the provisions of this Agreement, to withdraw from the Special Account amounts needed for the payment of equipment or services procured under the Loan Agreement.

[1] Came into force on 8 July 1966, upon signature, in accordance with article XIV (1).

Article III

RATE OF INTEREST

The Loan will be free of interest.

Article IV

REPAYMENT

Section 1. The Borrower will repay to the Lender the principal of the Loan withdrawn from the Special Account in 24 semi-annual instalments of 875,000 Danish Kroner each, commencing on September 30, 1969, and ending on March 31, 1981.

Section 2. The Borrower has the right to repay in advance of maturity all or any part of the principal amount of one or more maturities of the Loan specified by the Borrower.

Article V

PLACE OF PAYMENT

The principal of the Loan shall be paid by the Borrower in convertible Danish Kroner to Danmarks Nationalbank to the credit of the current account of the Ministry of Finance with Danmarks Nationalbank

Article VI

USE OF THE LOAN BY BRAZIL

Section 1 The Government of Brazil will use the proceeds of the Loan to finance imports (including transport charges from Denmark to Brazil) of Danish capital equipment, to be decided on by mutual consent, for the implementation of Brazil's Development Plans. The total disbursement shall not exceed the amount of 21 million Danish Kroner referred to in Article I.

Section 2. The proceeds of the Loan may also be used to pay for Danish services required for the implementation of Brazil's Development Plans, including, in particular, pre-investment studies, preparation of projects, assembly of plant, consultant engineering, technical and administrative assistance for, e. g , the operation during the initial period of undertakings established by means of the Loan.

Section 3. The concurrence of the Lender as to the eligibility of a contract under the Loan shall not be interpreted in such a manner as to imply that the Lender takes upon him any responsibility for the proper implementation or subsequent operation of such contracts

Section 4. The terms of payment stipulated in contracts or documentation to the effect that an order has been placed with a Danish exporter for supplies or services of the nature described above shall be considered as normal and proper whenever such contracts contain no clauses involving special credit facilities from Danish exporters.

Section 5. The proceeds of the Loan may be used only for payment of supplies or services contracted for after the entry into force of the Agreement.

Section 6. The Borrower may draw on the account with Danmarks Nationalbank referred to in Article II for up to three years after the entry into force of the Agreement or such other date as shall be agreed by the Lender and the Borrower.

Section 7. If the proceeds of the Loan have not been fully utilized within the time limit stipulated in Section 6 above, the semi-annual repayment shall be reduced by a proportion equal to the ratio between the unutilized amount of the Loan and principal of the Loan.

Article VII

NON-DISCRIMINATION

Section 1. In regard to the servicing of the Loan the Borrower undertakes to give the Lender no less favourable treatment than that accorded to other foreign creditors.

Section 2 Without prejudice of the legal provisions prevailing in both countries and of any special agreement between the Parties on the matter, all shipments of equipment covered by this Agreement shall be in keeping with the principle of free circulation of ships in international trade in free and fair competition.

Article VIII

MISCELLANEOUS PROVISIONS

Section 1. Prior to the first drawing against the Account referred to in Article II the Borrower will satisfy the Lender that all constitutional requirements and other requirements laid down by statute in the Borrower's home country have been met so that this Loan Agreement will constitute a valid obligation binding on the Borrower in the terms of the Loan Agreement.

Section 2. The Borrower will furnish to the Lender evidence of the authority of the person or persons who will, on behalf of the Borrower, take any action or execute any documents under this Agreement, and authenticated specimen signatures of all such persons.

Section 3. Any notice or request under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it has been delivered by hand or by mail, telegram, cable or radiogram to the party at such address as such party shall have indicated by notice to the party giving such notice or making such request.

Article IX

PARTICULAR COVENANTS

The principal of the Loan shall be paid without deduction for, and free from, any taxes and charges, and free from all restrictions imposed under the laws of the Borrower. This Agreement shall be free from any present and future taxes that shall be imposed under the laws of the Borrower, or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Article X

CANCELLATION AND SUSPENSION

Section 1. The Borrower may, by notice to the Lender, cancel any amount of the Loan which the Borrower shall not have withdrawn.

If any of the following events shall have happened and be continuing, the Lender may, by notice to the Borrower, suspend in whole or in part the right of the Borrower to make withdrawals from the Special Account :

(*a*) a default shall have occurred in the payment of principal under the Agreement or under any other financial commitment entered into by the Borrower in relation to the Lender,

(*b*) a default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower under the Agreement.

Section 2. The right of the Borrower to make withdrawals from the Special Account shall continue to be suspended in whole or in part, as the case may be, until the event or events which gave rise to such suspension shall have ceased to exist or until the Lender shall have notified the Borrower that the right to make withdrawals has been restored, whichever is the earlier, provided however, that in the case of any such notice of restoration, the right to make withdrawals shall be restored only to the extent and subject to the conditions specified in such notice, and no such notice shall effect or impair any right, power or remedy of the Lender in respect of any other or subsequent event described in this Article.

If the right of the Borrower to make withdrawals from the Special Account shall have been suspended with respect to any amount of the Loan for a continuous period of sixty days, the Lender may, by notice to the Borrower, terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice such amount of the Loan shall be cancelled.