No. 851

UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
and
BRAZIL

Trade and Payments Agreement. Signed at Rio de Janeiro, on 21 May 1948

Official texts : English and Portuguese.
Registered by the United Kingdom of Great Britain and Northern Ireland on 30 June 1950.

ROYAUME-UNI DE GRANDE-BRETAGNE ET D'IRLANDE DU NORD
et
BRÉSIL

Accord relatif aux échanges commerciaux et aux paiements. Signé à Rio-de-Janeiro, le 21 mai 1948

Textes officiels anglais et portugais.
Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord, le 30 juin 1950.

No. 851. TRADE AND PAYMENTS AGREEMENT[1] BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE UNITED STATES OF BRAZIL. SIGNED AT RIO DE JANEIRO, ON 21 MAY 1948

Representatives of the Government of the United Kingdom of Great Britain and Northern Ireland and of the Government of the United States of Brazil held a series of meetings in the city of Rio de Janeiro during the months of February, March, April and May, 1948, to study and discuss matters relating to trade and payments between Brazil on the one hand and the United Kingdom and the rest of the Sterling Area, now known as the Scheduled Territories, on the other, and to examine the causes which had in the past restricted the flow of commercial and financial transactions. They reached a complete understanding upon the matters under discussion and drew up by mutual consent the subjoined Trade Agreement and Payments Agreement in the following terms :—

General dispositions

It was agreed that the two Governments should co-operate to maintain their monetary relations, provided for in the Payments Agreement signed to-day, in such a way as to avoid mutual exchange difficulties. To this end, the basic principle of the Trade and Payments Agreements should be to maintain a reasonable degree of equilibrium in the current movement of sterling payments in both directions at the highest possible level. It was therefore agreed that, subject to this principle, it would be to the entire advantage of both countries that commercial and financial transactions should be encouraged to the greatest possible extent, and it was in particular agreed that a programme providing for the highest level of trade consistent with the prospective sterling exchange position of Brazil would be a valuable contribution to the prosperity of both countries and to the economic well-being of the world at large.

With this object in view, the two delegations drew up an estimate of the probable balance of trade and payments covering transactions between Brazil and the Scheduled Territories in 1948 and, within the framework of this estimate, discussed a programme of trade providing for a substantial

[1] Came into force on 21 May 1948, by signature.

movement of goods in both directions. It was further agreed that account should be taken of the possibility of sterling being acquired by Brazil from transactions with countries outside the Scheduled Territories.

Chapter one

TRADE AGREEMENT

Exports by the United Kingdom to Brazil

1. The Brazilian representatives submitted a list of goods and products of the United Kingdom the importation of which they regarded as essential to Brazil in 1948, and the representatives of the United Kingdom gave an indication of the quantities with which, from the information at their disposal, it appeared likely that Brazil could be supplied. In particular, it was agreed that the Government of the United Kingdom would do everything within the limits of the powers they exercise in such matters to facilitate the supply to Brazil in 1948 through the appropriate channels of the following commodities, to the quantities specified in Schedule I :—

Petroleum and petroleum products	Caustic Soda
Coal	Soda Ash
Tin	Cement
Tinplate	

2. The United Kingdom representatives emphasised the importance to the economy of the United Kingdom of maintaining in Brazil an assured market for goods of all kinds, including consumer goods. The Brazilian representatives declared that the policy of the Brazilian Government was precisely to facilitate the entry of a wide range of such goods from the United Kingdom, up to the maximum limit of sterling exchange at Brazil's disposal, taking into account all current financial transactions in both directions. On this basis the Brazilian and United Kingdom representatives agreed that imports by Brazil from the United Kingdom in 1948, together with imports of petroleum and petroleum products, could be expected to reach a total of £37 million. The list of the goods concerned, with comments, is given as Schedule 1 of the present Agreement.

Exports by Brazil to the United Kingdom

3. The United Kingdom representatives in turn submitted a list of the goods and products they wished to receive from Brazil in 1948, and the Brazilian representatives gave an indication of the quantities with which, from the information at their disposal, it appeared likely that the United Kingdom could be supplied.

4. The United Kingdom representatives emphasised their particular interest in ensuring adequate supplies of meat, rice, cotton and industrial alcohol, and it was agreed that the Brazilian Government would do everything within the limits of the powers they exercise in such matters to facilitate the supply to the United Kingdom in 1948 through the appropriate channels of these goods and products, to the quantities specified in Schedule 2.

5. The Brazilian representatives emphasised the importance to the economy of their country of maintaining a market in the United Kingdom for certain Brazilian products, and the United Kingdom representatives agreed to ensure that licences for the import of oranges would be granted to the value of £750,000; of Brazil nuts to the value of £200,000; of coffee to the value of £1,400,000; and of sugar to the value of £1 million, subject in all cases to agreement on quality and price. The United Kingdom representatives further agreed that the existing regulations permitting the import of herva mate would be maintained during 1948.

6. Having regard to the foregoing, the Brazilian and United Kingdom representatives agreed that Brazilian exports to the United Kingdom in 1948, including purchases of rice made by the United Kingdom Government on behalf of the British Commonwealth, could be expected to reach a total of £31 million. The list of the goods concerned, with comments, is given as Schedule 2 of the present Agreement.

General

7. It was further agreed that the Governments of Brazil and of the United Kingdom should grant the necessary licences for the exports and imports in question, in accordance with the basic principle of reasonable equilibrium in the current movement of sterling payments and with the other provisions of the present Agreement.

8. The Brazilian and United Kingdom representatives agreed that any questions arising from the carrying out of this Trade Agreement should be raised through diplomatic channels.

Chapter two

PAYMENTS AGREEMENT

Part I.—Current Payments

Article 1.—All trade or financial payments between residents of Brazil and residents of the Scheduled Territories shall continue to be settled in sterling.

Article 2.—Payments in cruzeiros due from residents of Brazil to residents of the Scheduled Territories shall be settled by the purchase of sterling in accordance with the exchange rate provisions of Article 5.

Article 3.—Payments in cruzeiros due from residents of the Scheduled Territories to residents of Brazil shall be settled by the sale of sterling in accordance with the exchange rate provisions of Article 5.

Article 4.—All other payments expressed in currencies other than sterling and the cruzeiro which are due to be settled in sterling shall be converted into and settled in sterling, on the basis of the official rates in London.

Article 5.—The Government of Brazil shall instruct the Banco do Brasil S.A. (hereinafter referred to as the Bank of Brazil) to establish buying and selling rates of exchange for sterling based on the official middle rate quoted by the Bank of England for the United States dollar.

Article 6.—The Government of Brazil shall instruct the Bank of Brazil to maintain No. 1 Accounts with the Bank of England and with such other banks in the United Kingdom as may be desired. These accounts shall be known as Brazilian Accounts.

Article 7.—All sterling payments to Brazil which residents of the Scheduled Territories or of countries outside the Scheduled Territories in accordance with Article 10 are permitted to make under the Exchange Control Regulations in force in the United Kingdom, shall be made to the credit of Brazilian Accounts.

Article 8.—The Government of the United Kingdom shall not restrict the availability of sterling at the disposal of residents of Brazil for making :—

(a) transfers to other residents of Brazil;

(b) payments to residents of the Scheduled Territories;

(c) payments in respect of current transactions to residents of such countries outside Brazil and the Scheduled Territories as may be agreed between the Government of Brazil and the Government of the United Kingdom.

Article 9.—The Government of Brazil shall not restrict the availability of cruzeiros which, notwithstanding the provisions of Article 3, may be at the disposal of residents of the Scheduled Territories, for making, under the Exchange Control Regulations in force from time to time in Brazil :—

(a) transfers to other residents of the Scheduled Territories;

(b) payments to residents of Brazil;

(c) payments in respect of current transactions to residents of countries outside Brazil and the Scheduled Territories as may be agreed between the Government of Brazil and the Government of the United Kingdom.