

# **GENERAL TRADE AND INVESTMENT TREATY BETWEEN THE REPUBLIC OF THE UNITED STATES OF BRAZIL AND THE REPUBLIC OF PARAGUAY**

The Governments of the United States of Brazil and the Republic of Paraguay,

Excited by the desire to strengthen the traditional ties of friendship that unite the two countries,

Convinced of the need to promote the economic development and well-being of their populations, through a cooperation policy that stimulates and disciplines their commercial exchange, and that also includes measures designed to encourage, under mutually advantageous conditions, currents of capital investments and the exchange of technical assistance,

They resolved to conclude a General Trade and Investment Treaty, based on the principle of equal treatment, in its unconditional and unlimited form, and on the granting of mutual and reciprocal concessions and advantages, and, for this purpose, they appointed their Plenipotentiaries, namely:

The Honorable President of the Republic of the United States of Brazil, Doctor Juscelino Kubitschek de Oliveira, His Excellency Ambassador José Carlos de Macedo Soares, Minister of State for Foreign Affairs; It is

The Honorable President of the Republic of Paraguay, Army General Alfredo Stroessner, His Excellency Dr. Raul Sapena Pastor, Minister of Foreign Affairs of Paraguay;

Who, after having exchanged their Full Powers, found in good and due form,

They agreed on the following:

## **Article I.**

The High Contracting Parties recognize that it is in their mutual interest to foster and stimulate permanent commercial and financial exchange between the two countries and, therefore, they will strive to promote and diversify their commercial and financial operations in the broadest possible way.

## **Article II.**

The High Contracting Parties agree to reciprocally grant each other most favored nation treatment in all matters relating to customs duties and ancillary taxes, the manner in which duties and taxes are perceived, both for imports and exports, the custody of goods in customs warehouses, the control and analysis system, the classification of goods in customs, the interpretation of tariffs, as well as the regulations, formalities and encumbrances to which customs operations may be subject.

## **Article III.**

Articles cultivated, produced or manufactured, originating in the territory of either High Contracting Party, shall not be subject, when imported into the territory of the other High Party, to different or higher duties, taxes or charges, nor to different regulations or formalities. or more onerous than those to which similar products, originating in any third country, are or will be subjected.

## **Article IV.**

Articles cultivated, produced or manufactured, originating in the territory of either High Contracting Party, when exported to the territory of the other High Party, shall not be subject, in customs matters, to different or higher duties, taxes or charges, nor to regulations or formalities that are different or more onerous than those to which similar products, destined for any third country, are or will be subject.

## **Article V.**

Articles cultivated, produced or manufactured in the territory of either High Contracting Party, when imported into the territory of the other High Contracting Party, or exported to it, shall not be subject to taxes or other internal taxation of any nature, different or greater. burdensome than those who engrave or will engrave similar articles originating from any third country or destined for any third country.

## **Article VI.**

Articles grown, produced or manufactured in the territory of one of the High Contracting Parties, and imported into the territory of the other High Contracting Party, shall not be subject to treatment less favorable than that accorded to similar articles originating in any third country, in all respects. to laws, regulations and provisions relating to the sale, purchase and sale operations, transportation, distribution and consumption of these articles in the domestic market.

## **Article VII.**

The advantages, favors, privileges and exemptions that any of the High Contracting Parties grants or will grant, in matters of customs regime, applicable to both import and export, to articles cultivated, produced or manufactured originating in or destined for any third country, shall apply immediately and without compensation to similar products originating in or destined for the territory of the other High Party.

## **Article VIII.**

The most favored nation treatment provided for in this Treaty will not apply:

- a) preferential advantages granted or that may be granted by any of the High Contracting Parties, exclusively to facilitate their common border traffic;
- b) preferential advantages granted or that may be granted by any of the High Contracting Parties to facilitate border traffic with neighboring countries;
- c) advantages granted or that may be granted by any of the High Contracting Parties to a third country, due to the formation of a customs union or free zone of which it becomes a member.

## **Article IX.**

Articles grown, produced or manufactured in the territory of any of the High Contracting Parties may be purchased by the other High Party and destined for third countries, provided that the competent authorities of the exporting country express their agreement in advance for each transaction.

## **Article X.**

Payments resulting from the execution of this Treaty will be made in accordance with the regime in force between the High Contracting Parties or by special procedures that they may arbitrate.

## **Article XI.**

The High Contracting Parties will facilitate as much as possible the intensification of their commercial exchange operations. In this sense, and whenever import or export licenses or other prior requirements are necessary, they will be granted, expeditiously, within the spirit of this Treaty and in accordance with the laws and regulations in force in each country.

Single paragraph. If any of the High Contracting Parties establishes or maintains, officially or in fact, restrictions on imports or exports, the same High Party will grant fair and equitable treatment to the trade of the other High Party for exports or imports and, in this sense, will be guided, among other considerations, price, quality, availability of foreign exchange and market and transport conditions.

## **Article XII.**

With the purpose of strengthening commercial exchange and economic relations between both countries, the Atlas

Contracting Parties considered it to be of mutual interest to create financing and payment conditions that facilitate the acquisition in Brazil, within a reasonable time, of investment goods that are made necessary, in Paraguay, for the use and industrialization of raw materials, energy production, improvement of the transport system and agricultural production processes.

First paragraph. Likewise, the High Contracting Parties will jointly study, through appropriate bodies, existing or to be created, and as deemed appropriate, projects of governmental or private origin, which may contribute to the improvement of agricultural and industrial production and of production storage and transportation systems, in the favorable regions of Paraguay, and also in the Brazilian territories bordering Paraguay.

Second paragraph. Still with the same purpose and through appropriate bodies, existing or to be created, the High Contracting Parties will systematize and increase reciprocal technical assistance programs, in any undertaking that aims, in either country, the development of electrical energy, transport and production systems.

### **Article XIII.**

In matters of taxes, duties or encumbrances, of any nature not provided for in the other provisions of this Treaty, the investments and capital of nationals and companies of either High Contracting Party shall enjoy, in the territory of the other High Party, no less favorable treatment than that granted, under similar conditions, to the capital and investments of nationals and companies from any third country.

First paragraph. Articles produced by natural or legal persons of either High Contracting Party, in the territory of the other High Party, or by legal entities of the latter High Party, controlled by those natural or legal persons, shall enjoy treatment no less favorable than that which grant to similar articles of national origin, produced by any natural or legal person, in everything relating to export, taxation, sale, distribution, storage and consumption.

Second paragraph. Nationals and companies of either High Contracting Party shall enjoy, in the territory of the other High Party, national and most favored nation treatment in all matters relating to imports and exports.

### **Article XIV.**

Nationals of either High Contracting Party, whether or not resident in the territory of the other High Party, and nationals and companies of either High Contracting Party, whether or not engaged in commerce or other occupation for the purpose of profit, or scientific, educational, religious or philanthropic activities, in the territory of the other High Party, shall not be obliged to pay taxes, fees or levies, which affect the income, capital, transactions or activities as well as the requirements relating to the collection of these same taxes, fees or levies, in the territory of the other High Party, that are more onerous than those levied on nationals or companies of the High Party whose territory they are in question.

First paragraph. Each of the High Contracting Parties reserves the right to:

- a) grant specific advantages, with regard to taxes, fees and duties, to nationals and companies from any other third country, through reciprocity;
- b) grant, by virtue of an agreement, to nationals and companies from any third country, special advantages to avoid or reduce double taxation or for the mutual protection of revenue.

Second paragraph. Regardless of the national treatment referred to in this article, the High Contracting Parties shall, within the limits of their respective legislation and in their respective territories, grant most favored nation treatment to nationals and companies of the other High Party, with respect to taxes, their taxation and method of collection.

### **Article XV.**

Nationals and companies of either High Contracting Party shall be granted national treatment, in the territory of the other High Party, with regard to the acquisition, by purchase or other legal means, as well as the ownership and use of goods of any kind.

### **Article XVI.**

National and most favored nation treatment shall be granted to nationals and companies of either High Contracting Party in the territory of the other High Contracting Party, in all matters relating to the acquisition, registration, extension, validity, renewal, transfer and protection, legal of invention patents, as well as the same rights over factory and trade marks,

commercial names and any and all types of industrial, intellectual or artistic property.

## **Article XVII.**

Subject to the requirements of local law on proportional registration of foreign employees, nationals and companies of either High Contracting Party will be granted, in the territory of the other High Party, except in areas essential to its defense, national treatment in relation to the exercise of industrial activities, commercial, insurance, agricultural, livestock, financial, publishing, scientific, educational, religious, philanthropic and professional. The national treatment referred to in this article, except when specifically granted, will not include journalistic, broadcasting and navigation companies, and, in relation to financial companies, educational and professional activities will be subject to the limitations imposed by local law.

Single paragraph. Subject to the restrictions set out in this article, nationals and companies of either High Contracting Party shall be granted most favored nation treatment in the territory of the other High Contracting Party with regard to:

- a) the activities listed in this article;
- b) carrying out activities in the economic and cultural fields;
- c) the organization, operation and participation in a company of the other High Contracting Party;
- d) research and mining of mineral deposits or deposits.

## **Article XVIII.**

Financial transfers between the High Contracting Parties, including with regard to the remittance of income in general, amortization and return of invested capital, will enjoy, in accordance with the exchange rate regime in force in each country, treatment no less favorable than that granted by any of the High Parties under similar conditions, other foreign companies or transfers of the same type, intended for any third country.

Single paragraph. Any controls imposed by one of the High Contracting Parties over financial transactions shall be applied so as not to disadvantageously influence the competitive position of the trade and capital investments of the other High Contracting Party as compared with the trade and capital investments of any third party. country.

## **Article XIX.**

Brazilian specialists or technicians who go to Paraguay, for more or less prolonged periods, with the aim of placing or delivering production goods or, even, studying local conditions for investment of Brazilian capital, with the approval of the Paraguayan Government, They will receive from it the necessary and appropriate facilities regarding authorizations to enter and stay in the country, as well as the importation of elements that may be useful to them for the good performance of their specific tasks.

## **Article XX.**

There shall be the broadest freedom of navigation between the territories of both High Contracting Parties. Ships of either High Contracting Party shall enjoy, on the same terms as ships of the other High Party, or ships of any third country, the broadest freedom to proceed, with their cargoes, to all ports, waters and anchorages. of the other Upper Part, open to foreign trade and international navigation. Such ships and cargoes shall enjoy, in all respects, most favored nation treatment and national treatment when in such ports, waters and anchorages of that other High Contracting Party. Any of the High Contracting Parties, however, may reserve exclusive rights and privileges for their own ships, in everything that concerns cabotage trade, inland navigation and national fishing.

First paragraph. Ships of either High Contracting Party shall be accorded national treatment and most favored nation treatment by the other High Party in all matters relating to the right to carry all articles which may be transported by river or sea and which are destined for the territory of that other High Party or originating from it.

Second paragraph. Ships flying the flag of any of the Atlas Contracting Parties, when in ports, anchorages or international waters of the other High Contracting Party, shall enjoy, as well as their cargoes, treatment no less favorable than that granted to ships of any third country, in everything that concerns benefits, taxes, duties, liens and customs services.

## **Article XXI.**

The High Contracting Parties will grant free transit, through their territories, to people, goods and merchandise, coming from or destined for the other High Contracting Party. The regulatory standards for this transit will be dictated in accordance with the recommendations of the Permanent Joint Commissions provided for in article XXV of this Treaty, so that fiscal interests are preserved and current legal provisions regulating commercial exchange with abroad are met.

## **Article XXII.**

With the aim of increasing commercial exchange between the two countries and strengthening friendly relations between the two peoples, through greater mutual knowledge, the High Contracting Parties will provide the greatest possible facilities for the advantages of tourism, its advertising, activities of commercial travelers and the entry and exit of samples and displays.

## **Article XXIII.**

No provision of this Treaty shall be interpreted as impeding the adoption and compliance with measures:

- a) necessary to protect public morality;
- b) necessary for the application of laws and regulations relating to public security;
- c) necessary to protect human, animal or plant life or health;
- d) relating to the import or export of gold or silver;
- e) imposed to protect national heritage of artistic, historical or archaeological value;
- f) relating to the control of imports or exports of weapons, ammunition or war materials, and, in exceptional circumstances, of all other military supplies;
- g) necessary for the export or import, use and consumption of fissile materials, radioactive products, or any other materials usable in the development or exploitation of nuclear energy.

## **Article XXIV.**

If either High Contracting Party adopts measures which may be considered by the other High Party as tending to nullify or lessen the scope of this Treaty, the High Contracting Party which has adopted such measures shall give due consideration to objections raised by the other High Contracting Party. Party will formulate and provide all the facilities for an exchange of ideas aimed, as far as possible, at a satisfactory solution that meets common interests.

## **Article XXV.**

In order to stimulate the development of commercial exchange operations and capital investments, regulated by this Treaty, the Atlas Contracting Parties agree to establish Permanent Mixed Commissions, with headquarters in the cities of Rio de Janeiro and Asunción, whose functions and rules of procedure are established in notes exchanged, on this date, between the two Governments.

## **Article XXVI.**

This Treaty will be ratified in accordance with the constitutional process of each of the High Contracting Parties and will enter into force on the date of exchange of instruments of ratification, which will take place in the city of Rio de Janeiro as soon as possible, remaining in force for the term of five years and may be extended for equal periods, upon tacit renewal. Either High Contracting Party may denounce it at any time, but the denunciation will only become effective six months after notification to the other High Party.

In faith whereof, the Plenipotentiaries designated above signed and sealed this Treaty, in two equally authentic copies, in the Portuguese and Spanish languages, in the city of Asunción, Capital of the Republic of Paraguay, on the twenty-seventh day of the month of October, one thousand nine hundred and fifty-six.

José Carlos de Macedo Soares

