

UNITED STATES



USAID/BRAZIL/RECIFE

NORTHEAST PROGRAM

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Staff Notice No. 735

Date: March 23, 1966

Mr. Rotundo
Stated xcc -
[Signature]

Distribution: All Personnel

Subject : Commodities in Commercial Channels Carrying AID Ensignia

Various imported commodities are now appearing in commercial channels which carry the A.I.D. clasped hand ensignia and the torch symbol of the Alliance For Progress. The appearance of these items has lead to inquiries as to whether or not there was something amiss.

On December 14, 1964, A.I.D. signed a Program Loan Agreement, with the Government of Brazil for \$150,000,000 - A.I.D. Loan 512-L-034. There are now prospects that a new Program Loan will also be signed. Program Loans provide the Government of Brazil with dollars which it in turn makes available to importers for their imports. For the importers, there are certain incentives for using these dollars, which carry some A.I.D. procedural importation requirements, rather than unrestricted dollars. However, once the goods which are paid for out of the Program Loan arrive in Brazil, they move through commercial channels in the same manner as any other commercial import.

Pursuant to the A.I.D. requirements for importation with Program Loan dollars, U.S. Suppliers of these imports are required to follow the A.I.D. Regulation I procedure. This procedure requires, among other things, that such goods carry the A.I.D. markings. Consequently, there are now and will rapidly be many more imported goods moving through commercial channels which bear A.I.D. markings.

There are certain ineligible items under the Program Loan such as spices, which are not eligible for importation under the loan. However, the responsibility for monitoring this so-called negative list is vested with the Bank of Brazil which makes available foreign exchange to importers.

For your information, the Capital Development Staff has copies of a booklet by the Bank of Brazil, titled "Instructions to Importers" which

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provides information to importers on the procedures to be followed under the Program Loan.

If you are asked if there is anything improper about goods appearing on the market place bearing A.I.D. symbols, you might assume that they are financed under the Program Loan. The fact that they bear A.I.D. markings should not be cause for any alarm. If you have other information that leads you to believe something is amiss, the situation should, of course, be investigated.

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DEPARTMENT OF AGRICULTURE