

ANNEX "A"

of the Loan Agreement concluded the 15th day of February 1978 between the Government of the Republic of El Salvador and the Government of Canada.

USE OF THE LOAN

1. The proceeds of the loan shall be used to finance:
  - (a) the cost of purchases in Canada of materials, spare parts, equipment and machinery;
  - (b) Canadian services related to the assembly or installation of the goods described in paragraph (a) above;
  - (c) marine shipment and insurance of the goods mentioned above from the Canadian port of exit to the port of entry in El Salvador;
  - (d) purchasing services, provided that the total value of such services does not exceed two hundred thousand Canadian dollars (Cdn \$200,000).
  
2. The proceeds of the loan may not be used for purchase of:
  - (a) machinery, equipment or other goods specifically excluded by Canadian export regulations;
  - (b) arms, armanents, firearms, ammunition, nor any equipment, machinery or materials that could be used for the production of said items;
  - (c) machinery, equipment, or materials intended directly or indirectly for production or utilization of atomic energy or its application or for development of nuclear, atomic or strategic arms;
  - (d) foodstuffs; or
  - (e) luxury items that cannot be considered essential to development.