

- by the Board on its borrowings from Canadian chartered banks at Bill of Lading date for each cargo. On subsequent six-month periods interest shall be calculated on the basis of the rate payable by the board on its borrowings from Canadian chartered banks at the commencement of each subsequent six month period.
- (c) In the event the Buyer exercises the credit option the following payment procedures shall apply:
- (i) Upon declaration of carrying vessel(s) the Buyer shall open an irrevocable letter of credit by Banco do Brasil in favour of the Board, to be advised through a chartered bank in Montreal, Canada, for an amount equivalent to 10 (ten) percent of the F.O.B. invoice value of the wheat.
 - (ii) After loading of the grain, Bills of Exchange (Drafts) covering 90% (ninety percent) of the F.O.B. invoice value set out in sub-paragraph (b) (i) above are to be drawn and forwarded to Banco do Brasil for acceptance and guarantee. The accepted and guaranteed drafts are to be returned to the Board within 15 days after receipt by Banco do Brasil, in accordance with the procedure outlined in sub-paragraph (b) (ii) above.

ARTICLE III

The Junta and the board shall hold negotiations to determine the delivery periods, the grades of wheat, prices and other commercial conditions for the annual quantities stipulated in Article I. These negotiations shall be held approximately quarterly at about 30 (thirty) days prior to the first month of the shipping schedule for the quantity to be negotiated. Following negotiations purchases of wheat shall be made by Banco do Brasil, S.A. — Departamento de Comercializaçao do Trigo (CTRIN) from the Board under specific contracts. The Junta and the Board will by Nov. 30th each year discuss and arrange a tentative shipping program for the following calendar year.

ARTICLE IV

It is understood that all purchases under this agreement are for consumption in Brazil, and that no shipments shall be diverted to other destinations without the prior consent of the Board.

ARTICLE V

This agreement shall enter into force on the date of its signature, with effect from January 1, 1986 and shall remain in effect for a period of three years, until December 31, 1988.