

No. 8649

**UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
and
TURKEY**

Exchange of notes (with annexes) constituting an agreement concerning an interest-free development loan by the Government of the United Kingdom of Great Britain and Northern Ireland to the Government of the Republic of Turkey. Ankara, 29 June 1966

Official text: English.

Registered by the United Kingdom of Great Britain and Northern Ireland on 15 June 1967.

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

Échange de notes (avec annexes) constituant un accord relatif à l'octroi par le Gouvernement du Royaume-Uni de Grande-Bretagne et d'Irlande du Nord au Gouvernement de la République turque d'un prêt de développement sans intérêt. Ankara, 29 juin 1966

Texte officiel anglais.

Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 15 juin 1967.

No. 8649. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND TURKEY CONCERNING AN INTEREST-FREE DEVELOPMENT LOAN BY THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND TO THE GOVERNMENT OF THE REPUBLIC OF TURKEY. ANKARA, 29 JUNE 1966

I

Her Majesty's Ambassador at Ankara to the Turkish Minister of Finance

BRITISH EMBASSY
ANKARA

29 June, 1966

Your Excellency,

I have the honour to refer to the recent discussions concerning development aid from the Government of the United Kingdom of Great Britain and Northern Ireland to the Government of the Republic of Turkey and to inform Your Excellency that the Government of the United Kingdom are prepared to conclude an Agreement with the Turkish Government in the following terms :

(1) The Government of the United Kingdom acting by the Ministry of Overseas Development (hereinafter referred to as "the Ministry") shall provide finance to the Government of Turkey by way of an interest-free loan amounting to £3,000,000 (three million pounds) sterling for the purpose hereinafter mentioned.

(2) The Government of the United Kingdom shall adopt the procedure described in the following sub-paragraphs of this Note in so far as it relates to things to be done by or on behalf of that Government. The Government of Turkey shall adopt the procedure so described in so far as it relates to things to be done by or on behalf of that Government.

(3) The Government of Turkey shall, by a request in the form set out in Annex A to this Note, open a special account (hereinafter referred to as "the Account") with a bank in London (hereinafter referred to as "the Bank"). The Account shall be operated in accordance with the instructions contained in the said request.

(4) Unless and to the extent only that the Ministry otherwise agree in writing the Account shall be used only :

¹ Came into force on 29 June 1966 by the exchange of the said notes.

(a) for payments to a Supplier, including payments made by the Bank in accordance with such letters of credit as are hereinafter referred to, due under a contract which :

- (i) provides for payment in sterling to persons carrying on business in the United Kingdom, the Channel Islands or the Isle of Man;
 - (ii) is a contract entered into after the date of this Note and before the 31st December, 1967; and
 - (iii) is such a contract for the purchase of capital or quasi-capital equipment wholly produced or manufactured in the United Kingdom, the Channel Islands or the Isle of Man, or for work to be done or services to be rendered by persons ordinarily resident or carrying on business in the United Kingdom, the Channel Islands or the Isle of Man, as the Government of Turkey and the Ministry may from time to time agree;
- (b) to reimburse the Bank for payments made by the Bank after the date of this Note in accordance with letters of credit which are confirmed, opened or advised by the Bank for the purpose of contracts complying with the conditions specified in sub-paragraph (4) (a) above provided that the approval in writing of the Ministry is endorsed on the letter of credit or the instructions and any subsequent amendment thereof for the confirming, opening or advising of the letter of credit;

(c) for payment of sterling bank charges payable in the United Kingdom in respect of letters of credit referred to in this sub-paragraph.

(5) The Government of Turkey shall as soon as possible forward or ensure that there is forwarded to the Ministry in the case of each contract in respect of which it wishes payments or reimbursements to be made from the Account :

- (a) one copy of the contract, or of a notification in the form set out in Annex B to this Note; and
- (b) two copies of a certificate from the Supplier concerned in the form set out in Annex C to this Note.

The Government of Turkey shall inform the Ministry if at any time a contract (being a contract in respect of which such documents have been forwarded and in respect of which approval has been given or is pending) is amended or if liability is incurred or is to be incurred thereunder to a greater or lesser amount than the amount specified in the contract certificate, and in either of these cases the Government of Turkey shall as soon as possible forward to the Ministry the relevant supplementary or revised documents.

(6) After the Ministry has considered the documents forwarded, in respect of any contract, by the Government of Turkey in pursuance of the procedure described in the foregoing provisions of this Note and any additional information which it may request from that Government for this purpose (and which that Government shall then supply), the Ministry shall notify that Government in the form set out in Annex C (i) to this Note whether and to what extent it approves the contract for the purposes of the loan and agrees that payments or reimbursements may accordingly be made from the Account. To the

extent that the Ministry so approves a contract it shall, on receipt of a request from the Government of Turkey, in the form set out in Annex C (ii) to this Note, giving details of contractual payments due and about to be made, make payments in sterling into the Account. Each such payment shall constitute a drawing on the loan. Unless the Ministry otherwise agree in writing no payments shall be made into the Account after the 30th June, 1968.

(7) Withdrawals from the Account shall be made only in respect of the payments and reimbursements referred to in sub-paragraph (4) above and in the manner and subject to the conditions hereafter set out in this sub-paragraph :

- (a) In the case of payments to a Supplier by the Bank in accordance with letters of credit approved by the Ministry, withdrawals shall be made only on receipt by the Bank of a Payment Certificate from the Supplier in the form shown in Annex E hereto and the invoices referred to therein.
- (b) In the case of other payments to a Supplier, withdrawals shall be made in accordance with Payment Authorities in the form shown in Annex D hereto duly signed on behalf of the Government of Turkey and forwarded to the Ministry for counter-signature and accompanied by a Payment Certificate from the Supplier in the form shown in Annex E hereto and the invoices referred to therein. If the Ministry is satisfied on perusal of the invoices and Certificates that the payments listed on the Payments Authority are chargeable to the Account the Ministry shall counter-sign the Payment Authority and forward it to the Bank.
- (c) In the case of reimbursements to the Bank for payments that it has made to a United Kingdom, Channel Islands or Manx Supplier in accordance with letters of credit approved by the Ministry, withdrawals shall be made from the Account by the Bank if, in respect of those payments, it has received a Payment Certificate from the Supplier in the form shown in Annex E hereto and the invoices referred to therein.
- (d)
 - (i) The amount of payment or reimbursement in respect of any one contract, excluding the sterling bank charges referred to in sub-paragraph (4) (c) above, shall not exceed the amount specified in relation to that contract in the notification in the form set out in Annex C (i).
 - (ii) The Bank shall forward to the Ministry the relevant Payment Certificates and invoices mentioned in sub-paragraph 7 (a) and 7 (c) above immediately any such payments or reimbursements have been made.
 - (iii) Where the amount shown in paragraph (ii) of a Payment Certificate exceeds the amount specified in paragraph 4 of the Contract Certificate relating to the contract concerned, the Government of Turkey, at the request of the Ministry, shall pay into the Account an amount equal to the difference.
- (e) Photocopies or duplicates of invoices may be submitted instead of the originals for the purposes of this paragraph.

(8) Before the first document is forwarded to the Ministry in accordance with sub-paragraph (5) above the Government of Turkey shall furnish the Ministry with a copy of the Government's instructions to the Bank given in accordance with sub-paragraph (3)

above to open and operate the Account; and also notify the Ministry of the names of the officers who are duly authorized to sign the Payment Authorities on its behalf and furnish specimen signatures in duplicate of each such officer.

(9) If any monies that have been paid out of the Account are subsequently refunded either by the Supplier or by a guarantor the Government of Turkey shall pay into the Account a sum equal to the monies so refunded.

(10) The Bank shall forward monthly to the Ministry a statement of receipts to and payments from the Account.

(11) The Government of Turkey shall repay to the Ministry in pounds sterling the total sum borrowed as envisaged by this Note, such repayment to be made by instalments paid on the dates specified below and amounting to the sums respectively specified in relation to those dates, so, however, that if, on the date when any such instalment is due to be paid, there is then outstanding less than the amount specified in relation to that date only the amount then outstanding shall be paid :

Instalments

<i>Due</i>	<i>Amount £</i>
31st January 1969	12,200
31st July 1969	12,200
31st January 1970	24,400
31st July 1970	24,400
31st January 1971	36,600
31st July 1971	36,600
31st January 1972	48,800
31st July 1972	48,800
31st January 1973	61,000
31st July 1973	61,000
31st January 1974	73,200
and on the 31st January in each of the succeeding 17 years . . .	73,200
31st July 1974	73,200
and on the 31st July in each of the succeeding 16 years	73,200
31st July 1991	72,000

(12) Notwithstanding the provisions of sub-paragraph (11) of this Note, the Government of Turkey shall be free at any time to repay to the Ministry in pounds sterling the whole or any part of the loan that is still outstanding.

(13) The Government of Turkey shall ensure that foreign shipping lines, including British lines, will be given the opportunity to compete for the shipping of goods under contracts financed by funds provided under this Agreement and that when Turkish vessels are used this will be solely on commercial grounds.

2. If the foregoing proposals are acceptable to the Government of the Republic of Turkey, I have the honour to suggest that the present Note together with Your Excellency's reply in that sense shall constitute an Agreement between