

No. 9287

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

Exchange of notes 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 (with annexes). Ankara, 22 May 1968

Official text: English.

*Registered by the United Kingdom of Great Britain and Northern Ireland on
23 October 1968.*

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

Échange de notes constituant un accord relatif à l'octroi par le Gouvernement du Royaume-Uni de Grande-Bretagne et d'Irlande du Nord d'un prêt de développement sans intérêt au Gouvernement de la République turque (avec annexes). Ankara, 22 mai 1968

Texte officiel anglais.

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le
23 octobre 1968.*

No. 9287. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ 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, 22 MAY 1968

I

*Her Majesty's Ambassador at Ankara to the Under-Secretary,
Turkish Ministry of Finance*

BRITISH EMBASSY

Note No. 57

Ankara, 22 May 1968

Your Excellency,

I have the honour to refer to the 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 on this question. The position of the Government of the United Kingdom with regard to the provision of finance and the commitments of that Government and of the Government of Turkey as regards associated matters shall be as respectively set out in part A and B below :

A. The Government of the United Kingdom declare that it is their intention, acting by the Ministry of Overseas Development (hereinafter referred to as " the Ministry "), to make available to the Government of Turkey by way of an interest-free loan a sum not exceeding £1,586,000 (one million five hundred and eighty-six thousand pounds sterling) for the purpose of that Government providing financial assistance to Makina Ve Kimya Endustrisi Kurumu, Ankara (hereinafter referred to as M.K.E.K.) towards the cost of establishing a Seamless Steel Pipe Plant at Ankara, Turkey (hereinafter referred to as " the Project ").

¹ Came into force on 22 May 1968, the date of the note in reply, in accordance with the provisions of the said notes.

B. (1) The Government of the United Kingdom shall adopt the arrangements and procedures described in the following paragraphs of this Note in so far as they relate to things to be done by or on behalf of that Government. The Government of Turkey shall adopt the arrangements and procedures so described in so far as they relate to things to be done by or on behalf of that Government.

(2) (a) For the purposes of these arrangements 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 solely for the purposes of the loan and in accordance with the instructions contained in the said request.

(b) As soon as the Account is opened and before taking any other step required by these arrangements for obtaining any part of the loan, the Government of Turkey shall furnish the Ministry with a copy of the Government's instructions to the Bank given in accordance with the foregoing provisions of this paragraph. The Government of Turkey shall at the same time and so often as any change is made therein, notify the Ministry of the names of the officers who are duly authorised to sign on its behalf the Payment Authorities hereinafter provided and shall furnish a specimen signature in duplicate of each such officer.

(c) The Government of Turkey shall ensure that the Bank forwards monthly to the Ministry a statement of receipts to and payments from the Account.

(d) Unless the Ministry otherwise agree, payments into the Account will not be made after the 31st March, 1972.

(3) Save to the extent (if any) to which the Ministry may otherwise agree, drawings from the loan shall be used only for payments required for the Project and due under a contract (hereinafter referred to as "the Contract") dated the 26th December 1967 between Makina Ve Kimya Endustrisi Kurumu, Ankara and Davy and United Engineering Company, Limited, Sheffield (hereinafter referred to as "the Contractor") for the purchase in the United Kingdom (which expression in this Note shall be deemed to include the Channel Islands and the Isle of Man) of equipment wholly produced or manufactured in the United Kingdom or for work to be done or for services to be rendered by persons ordinarily resident or carrying on business in the United Kingdom or for two or more of such purposes, being a contract which—

(a) provides for payment in sterling "to the contractor"; and

(b) is approved on behalf of the Government of Turkey and accepted by the Ministry for financing from the loan.

(4) (a) The Government of Turkey shall ensure that there are forwarded at the earliest opportunity to the Ministry:

(i) a copy of the Contract; and

(ii) two copies of a certificate from the Contractor in the form set out in Annex B to this Note.

(b) The Government of Turkey shall ensure that the Ministry is informed if at any time the Project or the Contract 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 relevant documents forwarded in accordance with the foregoing provisions; and in any of these cases

the Government of Turkey shall ensure that there are forwarded as soon as possible to the Ministry the relevant supplementary or revised documents.

(5) (a) After the Ministry has considered the documents forwarded, in pursuance of the procedure described in the foregoing provisions of this Note and any additional information which it may request from the Government of Turkey for this purpose (and which shall then be supplied by or on behalf of that Government), the Ministry shall notify that Government in the form set out in Annex B (i) to this Note whether and to what extent it accepts that the Contract is eligible for payment from the loan.

(b) To the extent that the Ministry so accepts the Contract and agrees to payment from the Account, it shall, on receipt of a request duly signed by or on behalf of the Government of Turkey, in the form set out in Annex C to this Note, giving details of the payments due and about to be made, make payments in sterling into the Account and each such payment shall constitute a drawing on the loan.

(6) Withdrawals from the Account shall be made only in accordance with Payment Authorities in the form shown in Annex D hereto duly signed on behalf of the Government of Turkey and countersigned by the Ministry. Each Payment Authority shall be forwarded in duplicate to the Ministry for counter-signature and shall be accompanied by Payment Certificates from the Contractor in the form shown in Annex E hereto and the invoices (or a photo-copy or duplicate of such invoices) referred to therein, for retention by the Ministry.

(7) If any monies that have been paid out of the Account are subsequently refunded either by the Contractor or by a guarantor the Government of Turkey shall, so long as there are payments to be made from the Account, pay an equivalent of such sums into the Account and, in any other case, apply the refunds to the reduction of the loan.

(8) The Government of Turkey shall repay to the Ministry in pounds sterling in London the total sum borrowed under the arrangements set out in this Note, such repayment to be made by instalments paid on the dates and in the amounts specified below; except that if, on the date when any such instalment is due to be paid, there is then outstanding less than the amount specified for that instalment, only the amount then outstanding shall be paid :

Instalments

<i>Due</i>	<i>Amount (£)</i>
10th October, 1970	6,400
10th April, 1971	6,400
10th October, 1971	12,800
10th April, 1972	12,800
10th October, 1972	19,200
10th April, 1973	19,200
10th October, 1973	25,600
10th April, 1974	25,600

<i>Due</i>	<i>Amount (£)</i>
10th October, 1974	32,000
10th April, 1975	32,000
10th October, 1975, and on the 10th October in each of the succeeding 17 years	38,700
10th April, 1976, and on the 10th April in each of the suc- ceeding 16 years	38,700
10th April, 1993	39,500

(9) Notwithstanding the provisions of paragraph (8) of this Note, the Government of Turkey shall be free at any earlier time to repay to the Ministry in pounds sterling in London the whole or any part of the loan that is still outstanding.

(10) The Government of Turkey shall permit officers of Her Britannic Majesty's Embassy, Ankara, and other servants or agents of the British Government to visit the Project; and shall furnish such officers, servants and agents with such information relating to the Project and the progress and financing thereof as the latter may reasonably require.

(11) The Government of Turkey shall ensure the provision of such finance, additional to the loan finance provided in accordance with the arrangements set out in this Note, as may be needed to complete the Project.

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 the two Governments which shall enter into force on the date of your reply, and the Agreement shall be referred to as the United Kingdom/Turkey (Steel Pipe Plant) Loan, No. 3, 1968.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

Roger ALLEN

A N N E X A

To : The Manager

..... Bank
London

Dear Sir,

UNITED KINGDOM/TURKEY (STEEL PIPE PLANT) LOAN, No. 3, 1968

I have to request you on behalf of the Government of Turkey (hereinafter called "the Government") to open an account in the name of the Government (Makina Ve Kimya Endustrisi Kurumu, Ankara as agents of the Government) to be styled
..... Account (hereinafter called "the Account").