

No. 9495

**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 to the Government of Turkey (with annexes). Ankara, 12 August 1968

Authentic text: English.

Registered by the United Kingdom of Great Britain and Northern Ireland on 8 April 1969.

**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 au Gouvernement turc d'un prêt au développement sans intérêt (avec annexes). Ankara, 12 août 1968

Texte authentique: anglais.

Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 8 avril 1969.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED KING-
DOM OF GREAT BRITAIN AND NORTHERN IRELAND
AND THE GOVERNMENT OF THE REPUBLIC OF TUR-
KEY CONCERNING AN INTEREST-FREE DEVELOP-
MENT LOAN BY THE GOVERNMENT OF THE UNITED
KINGDOM TO THE GOVERNMENT OF TURKEY

I

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

BRITISH EMBASSY

Ankara, 12 August 1968

Your Excellency,

I have the honour to refer to the discussions held at the 21st meeting of the Turkey Consortium and subsequently in Ankara 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 a further 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 part 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 £1,000,000 (one million pounds sterling) for the purchase in the United Kingdom of the equipment and services hereinafter mentioned.

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.

¹ Came into force on 12 August 1968, the date of the note in reply, in accordance with the provisions of the said notes.

(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 before the 1st of July, 1968, or after the 31st of December, 1970.

(3) Save to the extent (if any) to which the Ministry may otherwise agree drawings from the loan shall be used only—

(a) for payments under a contract for the purchase in the United Kingdom (which expression in this letter shall be deemed to include the Channel Islands and the Isle of Man) of capital or quasi-capital equipment wholly produced or manufactured in the United Kingdom, or in the case of chemicals and allied products, goods which are duly declared to be of United Kingdom origin on the form set out in Annex C (Chemicals) to this Note, or for work to be done or for services to be rendered in the United Kingdom by persons ordinarily resident or carrying on business in the United Kingdom or for two or more of such purposes only, being a contract which—

(i) provides for payment in sterling to persons carrying on business in the United Kingdom; and

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

(iii) is entered into after the date of this Note and before the 31st of March, 1970;

(b) to reimburse any bank in the United Kingdom for payments made by means of letters of credit which are confirmed, opened or advised after the date of this Note for the purpose of contracts complying with the conditions specified in sub-head (a) of this paragraph, provided that each such letter of credit or the instructions and any subsequent amendment thereof for the confirming, opening or advising of the letter of credit is endorsed in writing by the Ministry to show the amount that may be paid out of the Account in respect of that letter of credit;

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

(4) (a) Where the Government of Turkey proposes that part of the loan shall be applied to a contract, that Government shall ensure that there are forwarded at the earliest opportunity to the Ministry:

- (i) a copy of the contract, or of a notification thereof in the form set out in Annex B to this Note; and
- (ii) two copies of a certificate from the contractor concerned in the United Kingdom in the form set out in Annex C or Annex C (Chemicals) (whichever is appropriate) to this Note.

(b) The Government of Turkey shall ensure that the Ministry is informed if at any time a contract which has been submitted in accordance with the foregoing provisions of this paragraph 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 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 respect of any contract 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 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 accepts that a contract is eligible for payment or reimbursement from the loan.

(b) To the extent that the Ministry so accepts a contract and agrees to payment or reimbursement from the Account 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 made or 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 the manner and subject to the conditions set out in this paragraph:

(a) for payments due under a contract in the cases to which paragraph (3) (a) refers, 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 countersigned by the Ministry. Each payment Authority forwarded to the Ministry for counter-signature shall be accompanied by Payment Certificates from the Suppliers concerned in the form shown in Annex E hereto and the invoices referred to therein for retention by the Ministry; or the invoices only (for retention by the Ministry) relating to contracts in respect of which a Contract Certificate in the form shown in Annex C (Chemicals) hereto has been provided;

(b) for reimbursement to a bank in the cases to which paragraph 3 (b) refers, withdrawals shall be made only on receipt by the Bank of letters of credit which have been endorsed in writing by the Ministry and are supported by a Payment Certificate from the Supplier in the form shown in Annex E hereto and the invoices referred to therein or the invoices only relating to contracts in respect of which a Contract Certificate in the form shown in Annex C (Chemicals) hereto has been provided; and provided that

- (i) the amount of reimbursement in respect of any one contract, excluding the sterling bank charges referred to in paragraph (3) (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); and

- (ii) the Bank shall forward to the Ministry for their retention the relevant Payment Certificates (where appropriate) and invoices immediately any such reimbursements have been made; and
- (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 that contract the Government of Turkey, at the request of the Ministry, shall pay an amount equal to the difference into the Account;
- (c) for payments in the cases to which paragraph (3) (c) refers, the Bank shall debit the Account and inform the Ministry of the amounts so debited and give details of the contract to which each payment relates;
- (d) photocopies or duplicates of invoices may be submitted instead of the originals for the purposes of this paragraph.

(7) 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, so long as there are payments or reimbursements 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>
1st of January, 1971	4,000
1st of July, 1971	4,000
1st of January, 1972	8,000
1st of July, 1972	8,000
1st of January, 1973	12,000
1st of July, 1973	12,000
1st of January, 1974	16,000
1st of July, 1974	16,000
1st of January, 1975	20,000
1st of July, 1975	24,500
1st of January, 1976, and on the 1st of January in each of the succeeding 17 years	24,500
1st of July, 1976, and on the 1st of July in each of the succeeding 16 years	24,500
1st of July, 1993	22,500

(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.