

No. 9286

**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, 29 March 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, 29 mars 1968

Texte officiel anglais.

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

No. 9286. 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, 29 MARCH 1968

I

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

BRITISH EMBASSY

Note No. 38

Ankara, 29 March 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 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 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 £2,500,000 (two million five hundred thousand 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 29 March 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 1 April 1968, or after the 30th June, 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 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 December, 1969

(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 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 counter-signed 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;

(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; 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 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 October 1970	10,200
1st April 1971	10,200
1st October 1971	20,400
1st April 1972	20,400
1st October 1972	30,600
1st April 1973	30,600
1st October 1973	40,800
1st April 1974	40,800
1st October 1974	51,000
1st April 1975	51,000
1st October 1975	61,000
and on the 1st October in each of the succeeding 17 years . .	61,000
1st April 1976	61,000
and on the 1st April in each of the succeeding 16 years . . .	61,000
1st April 1993	59,000

(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 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 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 Loan, No. 2, 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 LOAN No. 2, 1968

I have to request you on behalf of the Government of Turkey to open an account in the name of the Banque Centrale de la Republique de Turquie as agents of the Government of Turkey to be styled Account (hereinafter called "the Account").

2. Payments into the Account will be made from time to time by the Ministry of Overseas Development of Her Majesty's Government in the United Kingdom of Great Britain and Northern Ireland (hereinafter called "the Ministry"). It is possible that, as a result of refunds becoming due from Suppliers, payments into the Account will also be made by the Government of Turkey itself.

3. Payments from the Account are to be made from time to time only :

- (i) against Payment Authorities in form marked D attached hereto duly signed on behalf of the Government of Turkey and counter-signed on behalf of the Ministry; or
- (ii) to any bank in the United Kingdom in respect of a payment made in accordance with a letter of credit which, or the instructions and any subsequent amendment thereof for the confirming, opening or advising of the letter of credit, has been 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, and supported by a Payment Certificate in the form marked Annex E attached hereto, duly signed by the Supplier and the invoices referred to therein; or

(iii) to meet sterling bank charges payable in the United Kingdom in respect of any letters of credit referred to above.

4. The amount of payment or reimbursement under paragraph 3 (ii) above will not exceed the amount authorised by the Ministry in respect of each letter of credit and you will send to the Ministry the Payment Certificates and invoices mentioned in that paragraph immediately the reimbursement or payment to which they relate has been made.

5. You will debit the Account with the charges referred to in paragraph 3 (iii) above and inform the Ministry of the amounts so debited and supply details of the contract to which each charge relates.

6. You will also send to the Ministry at the end of each month a detailed statement showing all debits and credits to the Account during the month.

7. You will notify the Turkish Embassy in London from time to time the amount required to be drawn from the loan so that the amount so drawn, together with any balance which may be available in the Account, will be sufficient to cover the total value of payments about to be made or made as provided for in paragraph 3 above.

8. Any two of the following persons are jointly authorised to sign Payment Authorities on behalf of the Government of Turkey.

- 1.
- 2.
- 3.
- 4.

Specimens of the signature of each of the above are attached in triplicate.

9. No bank charges and commissions claimed by you in respect of the operation of the Account are to be debited to the Account.

10. A copy of this letter has been addressed to the Ministry, Specimen signatures of the officers authorised to countersign Payment Authorities and sign notifications accepting contracts for financing from the loan on behalf of the Ministry will be sent to you direct.

Yours faithfully,

A N N E X B

UNITED KINGDOM/TURKEY LOAN No. 2, 1968

NOTIFICATION OF CONTRACT

To : The Ministry of Overseas Development

Eland House
Stag Place
London, S.W.1.

Notification of Contract No

The following are details of a contract under which it is proposed that payments shall be made in accordance with the terms and conditions of the above loan.

1. Name and address of United Kingdom Supplier :
2. Date of Contract :
3. Name of Purchaser :
4. Short description of goods and/or works or services :
5. Value of Contract : £
6. Terms of Payment :

Signed on behalf of the Government
of the Republic of Turkey :

.....

Date

A N N E X C

UNITED KINGDOM/TURKEY LOAN NO. 2, 1968

CONTRACT CERTIFICATE

Particulars of Contract

1. Date of Contract	Contract Number	
2. Description of equipment and/or works or services to be supplied to the Purchaser	<i>United Kingdom Origin</i>	<i>Non-United Kingdom Origin</i>
	<i>Sterling</i>	<i>Other Currency, if any</i>
3. Total [estimated] contract price payable by Purchaser	<i>Amount</i>	<i>Description</i>
4. Estimated amounts, if any, paid or to be paid by the Supplier in respect of goods or services of non-United Kingdom origin procured or to be procured and used for the purposes of the Contract	In respect of non-United Kingdom goods and services	
	(a) goods or materials	
	(b) work to be done or services performed in Purchaser's country	
	(c) know-how	
	(d) plans, designs and technical documentation	
	(e) other services	

5. I hereby declare that I am employed in the United Kingdom by the Supplier named below and I have the authority to sign this certificate. I hereby undertake that in performance of the Contract, no goods or services which are not of United Kingdom origin will be supplied by the Supplier other than those specified in paragraph 4 above.

Signed
 Position held
 (name and address of Supplier)
 Date

NOTE : For the purposes of this declaration the United Kingdom includes the Channel Islands and the Isle of Man.

A N N E X C(i)

UNITED KINGDOM/TURKEY LOAN No. 2, 1968

To :

We are pleased to inform you that we accept

We regret to inform you that we cannot accept
 the contract, particulars of which are set out in the copy certificate attached hereto, as
 eligible for payment from the above-mentioned loan to the extent of £

Date

.....
 Signed on behalf of the Ministry
 of Overseas Development

A N N E X C(ii)

UNITED KINGDOM/TURKEY LOAN No. 2, 1968

REQUEST FOR DRAWING

Sums amounting to £ are expected to fall due within the next
 two weeks (approximately) under contracts accepted by you under the terms of the
 above-mentioned loan.

The amount available in the Special Account to meet the above payments is £
 and a further payment into the Account of £ is
 hereby requested.

The sum of £ now requested shall on payment into the Account
 constitute a drawing on the loan.

Date

.....
 Signed on behalf of the Government
 of the Republic of Turkey

To : The Ministry of Overseas Development
 Finance Department
 London, S.W.1.

ANNEX D

UNITED KINGDOM/TURKEY LOAN No. 2, 1968

PAYMENT AUTHORITY

Serial No. :

Dear Sir,

..... Account

You are hereby authorised to make the following payments from the above-mentioned Account in respect of the attached invoices :

<i>Name and Address of Supplier</i>	<i>Contract No./ Reference</i>	<i>Payments</i>	
		<i>Invoice No.</i>	<i>Amount (£)</i>

It is hereby certified that the above-mentioned payments are due in sterling to the Suppliers named above under the contracts specified against the name of the relevant Supplier who is carrying on business in the United Kingdom.

Signed on behalf of the Government of the Republic of Turkey :

.....

Date

Countersigned on behalf of the Ministry of Overseas Development :

.....

Date

To : The Manager

..... Bank

ANNEX E

UNITED KINGDOM/TURKEY LOAN No. 2, 1968

PAYMENT CERTIFICATE

I hereby certify that

- (i) the payments referred to in the invoices listed below, which or copies of which accompany this payment certificate, fall due and are to be made in respect of Contract No dated between the Supplier named below and [Purchaser] and are in accordance with the particulars of this contract notified in the contract certificate signed on behalf of the said contractor on

<i>Contractor's Invoice No.</i>	<i>Date</i>	<i>Amount £</i>	<i>Short description of goods, works and/or services</i>
-------------------------------------	-------------	---------------------	--

- (ii) there are included in the above-mentioned invoices the following amounts in respect of the non-United Kingdom goods or services specified in paragraph 4 of the contract certificate :

- (a) £
(b) £
(c) £
(d) £
(e) £

- (iii) apart from the amounts specified in paragraph (ii) all the amounts specified in paragraph (i) are payable in respect of goods and services of United Kingdom origin.
(iv) I have the authority to sign this certificate on behalf of the Supplier named below :

Signed.....
Position held
For and on behalf of
Name and address of Supplier
Date.....

NOTE : For the purposes of this declaration the United Kingdom includes the Channel Islands and the Isle of Man.

II

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

Ankara, 29 March 1968

Your Excellency,

I have the honour to acknowledge Your Excellency's Note No. 38 dated the 29th of March which reads as follows :

[*See note I*]

In reply to the above, I have the honour to inform Your Excellency that the above-mentioned proposals are acceptable to the Government of the Republic of Turkey and that Your Excellency's Note and this reply shall be regarded as constituting an Agreement between the two Governments in this matter.

Please accept, Your Excellency, the assurance of my highest consideration.

Cihat BILGEHAN
Minister of Finance

[*Annexes A to E as attached to note I.*]
