

No. 10441

**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 — *United Kingdom/Turkey (Polyethylene Plant Expansion) Loan No. 3 Agreement 1969* (with annexes). Ankara, 14 November 1969

Authentic text: English.

Registered by the United Kingdom of Great Britain and Northern Ireland on 30 April 1970.

**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 de développement sans intérêt — *Accord relatif au prêt Royaume-Uni/Turquie n° 3 de 1969 (Expansion d'une usine de polyéthylène)* [avec annexes]. Ankara, 14 novembre 1969

Texte authentique: anglais.

Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 30 avril 1970.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT ¹
BETWEEN THE GOVERNMENT OF THE UNITED
KINGDOM OF GREAT BRITAIN AND NORTHERN
IRELAND AND THE GOVERNMENT OF THE REPUBLIC
OF TURKEY CONCERNING AN INTEREST-FREE DE-
VELOPMENT LOAN BY THE GOVERNMENT OF THE
UNITED KINGDOM TO THE GOVERNMENT OF
TURKEY

I

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

BRITISH EMBASSY

Ankara, 14 November, 1969

Your Excellency,

I have the honour to refer to the 23rd meeting of the OECD Turkey Consortium held in Paris on the 17th and 18th December 1968 and to the statements made by the United Kingdom delegate 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 the allocation of part of that aid. 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 set out in part A and part B below:

A. The Government of the United Kingdom declare that it is their intention to make available to the Government of Turkey by way of an interest-free loan a sum not exceeding £1,432,200 (one million four hundred and thirty-two thousand two hundred pounds sterling) so that the latter may provide financial assistance to Petkim Petrokimya Anonim Şirketi, Ankara (hereinafter referred to as Petkim) towards the cost of expanding the polyethylene plant at Yarımca, Turkey (hereinafter referred to as "the Project").

¹ Came into force on 14 November 1969, 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 Government of the United Kingdom with a copy of the instructions to the Bank given in accordance with the provisions of paragraph B (2) (a) above. The Government of Turkey shall at the same time and so often as is necessary, notify the Government of the United Kingdom of the names of the officers who are duly authorised to sign on their behalf the Payment Authorities and Requests for Drawing 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 Government of the United Kingdom a statement of receipts to and payments from the Account.

(d) Unless the Government of the United Kingdom otherwise agree, payments into the Account will not be made after the 31st March, 1973.

(3) Save to the extent (if any) to which the Government of the United Kingdom 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 16th April 1969 between Petkim and Simon-Carves Chemical Engineering Limited, Stockport (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 Government of the United Kingdom for financing from the loan.

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

(i) a copy of the Contract; and

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

(b) The Government of Turkey shall ensure that the Government of the United Kingdom are 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 Government of the United Kingdom the relevant supplementary or revised documents.

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

(b) To the extent that the Government of the United Kingdom so accept the Contract and agree to payment from the Account, they 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) For payments due under the Contract to which paragraph B (3) refers, 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 on behalf of the Government of the United Kingdom. Each Payment Authority shall be forwarded in duplicate to the Government of the United Kingdom 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 Government of the United Kingdom.

(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 Government of the United Kingdom 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 May, 1972	5,800
1st November, 1972	5,800
1st May, 1973	11,600
1st November, 1973	11,600
1st May, 1974	17,400
1st November, 1974	17,400
1st May, 1975	23,200
1st November, 1975	23,200
1st May, 1976	29,000
1st November, 1976	29,000
1st May, 1977	35,000
and on the 1st May in each of the succeeding 17 years	35,000
1st November, 1977	35,000
and on the 1st November in each of the succeeding 16 years ...	35,000
1st November, 1994	33,200

(9) Notwithstanding the provisions of paragraph B(8) of this Note, the Government of Turkey shall be free at any earlier time to repay to the Government of the United Kingdom 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, both in Turkish Lira and in foreign currency, additional to the loan finance provided in accordance with the arrangements set out in this Note, as may be needed to complete the Project.

(12) The Government of Turkey shall ensure that the proposed extensions of the Naphtha Steam Cracking plant and of the general utilities plant at the Petkim petrochemicals complex at Yarimca, of which the Project forms a part, will be carried forward and completed in time to phase in with the completion of the polyethylene 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 (Polyethylene Plant Expansion) Loan No. 3 Agreement 1969.

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

Roderick SARELL

ANNEX A

To: The Manager,
_____ Bank,
London, _____

Dear Sir,

*United Kingdom/Turkey (Polyethylene Plant Expansion)
Loan No. 3 Agreement 1969*

I have to request you on behalf of the Government of Turkey to open an account in the name of the Petkim Petrokimya Anonim Sirketi, Ankara as agents of the Government to be styled _____ Account (hereinafter called "the Account").

2. Payments into the Account will be made from time to time by the Government of the United Kingdom of Great Britain and Northern Ireland. It is possible that, as a result of refunds becoming due from the Contractor, payments into the Account will also be made on behalf of the Government of Turkey itself.

3. Payments from the Account are to be made from time to time to Simon-Carves Chemical Engineering Limited, Stockport and only against Payment Authorities in the form marked D attached hereto, duly signed on behalf of the Government of Turkey and countersigned on behalf of the Government of the United Kingdom.

4. You shall send the Government of the United Kingdom at the end of each month a detailed statement showing all debits and credits to the Account during the month.

5. You shall 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, shall be sufficient to cover the total value of payments due under Payment Authorities and Payment Orders duly signed on behalf of the Government of Turkey and countersigned on behalf of the Government of the United Kingdom.

6. Any two of the following persons are jointly authorised to sign Payment Authorities and Payment Orders on behalf of the Government of Turkey:

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

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

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

8. A copy of this letter has been addressed to the Government of the United Kingdom. Specimen signatures of the officers authorised to countersign Payment Authorities on behalf of the Government of the United Kingdom will be sent to you direct.

Yours faithfully,

ANNEX B

UNITED KINGDOM/TURKEY (POLYETHYLENE PLANT EXPANSION) LOAN NO. 3 AGREEMENT 1969

CONTRACT CERTIFICATE

Particulars of Contract

1. Date of Contract Contract Number

	<i>United Kingdom Origin</i>	<i>Non-United Kingdom Origin</i>
2. Description of equipment and/or works or services to be supplied to the Purchaser		
	<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:

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

2. For chemicals and allied products the certificate at Annex B (Chemicals) should be used.

ANNEX B (CHEMICALS)

UNITED KINGDOM/TURKEY (POLYETHYLENE PLANT EXPANSION)
 LOAN No. 3 AGREEMENT 1969

*CONTRACT CERTIFICATE
 FOR CHEMICAL AND ALLIED PRODUCTS ONLY*

1. Date of Contract Contract No.

2.	<i>Description of Product(s) to be supplied to Purchaser (Note A)</i>	<i>Price £</i>	<i>United Kingdom Tariff Classification No. (Note B)</i>	<i>Is the Product of United Kingdom Origin? (See Note C) State "Yes" or "No"</i>
.....
.....
.....
.....

3. Total [estimated] Contract Price payable by Purchaser in Sterling—£

4. (*Declaration*) I hereby declare that I am employed in the United Kingdom by

the Contractor named below and have the authority to sign this certificate, and that the above information is correct.

Signed

Position held

Name and address of Contractor

Date

NOTES:

- A. This form is only to be used for chemical and allied products, most of which are covered by the *appropriate sub-headings* of Chapters 15, 25, 28-35, and 37-40 of the United Kingdom Tariff.
- B. *See:*
- (i) *Her Majesty's Customs and Excise Tariff*, H.M.S.O.
- (ii) *Classification of Chemicals in Brussels Nomenclature*, H.M.S.O.
- C. (i) A product is regarded as of "United Kingdom origin" if made *either* wholly from indigenous United Kingdom materials *or* according to the appropriate EFTA qualifying process using imported materials wholly or in part.
- (ii) The EFTA qualifying processes are set out in Schedule 1 of the *EFTA Compendium for the Use of Exporters*, H.M.S.O.
- (iii) For the purpose of this declaration it is to be emphasised that the "alternative percentage criterion" DOES NOT APPLY.
- (iv) The words "Area Origin" where they appear in the above Schedule must be taken to mean "United Kingdom Origin" only.
- (v) For the purpose of this declaration, the "Basic Materials List" (Schedule III of the EFTA Compendium) does not apply.
- (vi) If a qualifying process is not listed for the material in question, advice should be sought from the Ministry or Department of the Government of the United Kingdom nominated by that Government as the Ministry or Department to whom all communications should be addressed.
- D. For the purpose of this declaration the United Kingdom includes the Channel Islands and the Isle of Man.

ANNEX B

UNITED KINGDOM/TURKEY (POLYETHYLENE PLANT EXPANSION)
LOAN NO. 3 AGREEMENT 1969

O.D.M. No.

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 Government
of the United Kingdom of Great Britain
and Northern Ireland

ANNEX C

UNITED KINGDOM/TURKEY (POLYETHYLENE PLANT EXPANSION)
LOAN NO. 3 AGREEMENT 1969*REQUEST FOR DRAWING*

The following payments are due to Simon-Carves Chemical Engineering Limited under contract(s) accepted under the terms of the above-mentioned loan:

<i>Date Payment is Due</i>	<i>Amount £</i>

The amount available in the Special Account to meet the above payments of £ 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: Insert title of the Ministry or Department of the Government of the United Kingdom nominated by that Government as the Ministry or Department to whom all communications should be addressed.

ANNEX D

UNITED KINGDOM/TURKEY (POLYETHYLENE PLANT EXPANSION)
LOAN NO. 3 AGREEMENT 1969*PAYMENT AUTHORITY*

Serial No.

Dear Sir,

_____Account

You are hereby authorised to make the following payments from the above-mentioned Account to Simon-Carves Chemical Engineering Limited, P.O. Box 49, Stockport, in respect of the attached invoices.

<i>Invoice No.</i>	<i>Date Payment Due</i>	<i>Amount £ s. d.</i>

This is to certify that the payments stated are due in sterling, under the invoices noted.

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

Date _____

Countersigned on behalf of the Government
of the United Kingdom:

Date _____

To: The Manager
_____ Bank Limited
London

ANNEX E

UNITED KINGDOM/TURKEY (POLYETHYLENE PLANT EXPANSION)
 LOAN No. 3 AGREEMENT 1969

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 amount 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 purpose of this declaration the United Kingdom includes the Channel Islands and the Isle of Man.

II

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

MINISTRY OF FINANCE

Your Excellency,

Ankara, 14 November, 1969

I have the honour to acknowledge Your Excellency's letter dated 14 November 1969 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 letter and this reply shall be regarded as constituting an Agreement between the two Governments in this matter.

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

M. EREZ

[*Annexes as under note I*]
