

No. 10981

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

Exchange of notes constituting an agreement concerning a development loan by the Government of the United Kingdom to the Government of the Republic of Turkey — *United Kingdom/Turkey (Bosphorus Bridge) Loan Agreement, 1970* (with annexes and exchanges of letters). Ankara, 7 April 1970

Authentic text: English.

Registered by the United Kingdom of Great Britain and Northern Ireland on 2 March 1971.

**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 d'un prêt de développement au Gouvernement de la République turque — *Accord de prêt Royaume-Uni/Turquie (Pont du Bosphore) de 1970* (avec annexes et échange de lettres). Ankara, 7 avril 1970

Texte authentique : anglais.

Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 2 mars 1971.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE REPUBLIC OF TURKEY CONCERNING A DEVELOPMENT LOAN BY THE GOVERNMENT OF THE UNITED KINGDOM TO THE GOVERNMENT OF THE REPUBLIC OF TURKEY

I

*Her Majesty's Principal Secretary of State for Foreign
and Commonwealth Affairs to the Minister of Finance of Turkey*

BRITISH EMBASSY

Ankara, 7th April, 1970

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 in connection with the Bosphorus Bridge project and to inform Your Excellency that the Government of the United Kingdom are prepared to conclude an Agreement with the Government of Turkey on this question. The position of the Government of the United Kingdom with regard to the provision of finance, and the obligations 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 a loan a sum not exceeding £3,500,000 (three million, five hundred thousand pounds sterling) (hereinafter referred to as "the loan") towards the cost of the construction of the Bosphorus Bridge and its associated works (hereinafter referred to as "the Project") due from the General Directorate of Highways of the Turkish Ministry of Public Works under a contract dated 26th January 1970 between that Directorate and the Cleveland Bridge/Hochtief Consortium (hereinafter referred to as "the Contractor") which contract is hereinafter referred to as "the Contract".

¹ Came into force on 7 April 1970, 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 letter insofar 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 insofar as they relate to things to be done by or on behalf of that Government.

(2) (a) For the purposes of the arrangements referred to in paragraph (1) the Government of Turkey shall, by a request in the form set out in Annex A to this letter, 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 purpose 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 other steps 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 sub-paragraph (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 Requests for Drawing, Payment Authorities and Payment Orders as in Annexes C (ii), D, and D (i) to this letter and shall furnish a specimen signature in duplicate of each such officer.

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

(d) Unless the Government of the United Kingdom otherwise agree, payments into the Account shall not be made after 1st January 1975.

(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:

(a) for payments due to the Contractor under the Contract to the extent that such payments are in respect of the purchase in the United Kingdom (which expression in this letter shall be deemed to include the Channel Isles and the Isle of Man), of goods wholly produced or manufactured in the United Kingdom or for work to be done or for services to be rendered by the Cleveland Bridge and Engineering Co., Ltd. in its capacity as member of the Cleveland Bridge/Hochtief Consortium or for two or more of such purposes;

(b) for reimbursing the Government of Turkey a proportion of payments made for the Project by that Government being payments of costs incurred by the Contractor in Turkey in respect of:

- (i) the purchase of goods wholly produced or manufactured in Turkey; or
- (ii) the purchase in Turkey of goods wholly produced or manufactured in the United Kingdom; or
- (iii) the costs of services rendered by citizens of the United Kingdom and Colonies or citizens of Turkey.

(4) (a) The Government of Turkey shall forward to the Government of the United Kingdom at the earliest opportunity:

- (i) a copy of the Contract or of a notification thereof in the form set out in Annex B to this letter; and
- (ii) two copies of a certificate from the Contractor in the form set out in Annex C to this letter.

(b) The Government of Turkey shall ensure that the Government of the United Kingdom are informed if at any time 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 so forwarded and, in any of these cases, the Government of Turkey shall ensure that there are forwarded to the Government of the United Kingdom as soon as possible the relevant supplementary or revised documents.

(5) (a) After the Government of the United Kingdom have considered the documents forwarded in respect of the Contract in pursuance of the procedure described in the foregoing provisions of this letter and any additional information which they may request from the Government of Turkey for this purpose (and which that Government shall then supply), the Government of the United Kingdom shall notify the Government of Turkey in the form set out in Annex C (i) to this letter whether and to what extent they accept that the contract is eligible for payment or reimbursement from the loan.

(b) To the extent that the Government of the United Kingdom accept the contract for payment or reimbursement from the Account as provided for in subparagraph (a) above they shall on receipt of a request from the Government of Turkey, in the form set out in Annex C (ii) to this letter, giving details of the payments to be made or made, make payments in sterling into the Account and each 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 the 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 to this letter duly signed on behalf of the Government of Turkey. 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 concerned in the form shown in Annex E to this letter and the invoices referred to therein for retention by the Government of the United Kingdom.

(b) For reimbursements to the Government of Turkey in the cases to which paragraph (3) (b) refers, withdrawals shall be made in accordance with Payment Orders in the form shown in Annex D (i) to this letter duly signed on behalf of that Government and countersigned on behalf of the Government of the United Kingdom. Each Payment Order shall be forwarded in duplicate to the Government

of the United Kingdom for countersignature and shall be accompanied by a claim from the Government of Turkey in the form shown in Annex F to this letter.

(c) The amount of the loan finally allocated towards local costs shall not exceed 25% (twenty-five per cent). No more than 50% (fifty per cent) of the local costs which may be reimbursed out of the loan shall be reimbursed until the Government of the United Kingdom are satisfied that all off-shore sterling costs approved for financing out of the loan can be financed.

(d) For the purposes of the loan "off-shore sterling costs" (which exclude import duty, sales tax or any other tax levied directly in Turkey) are defined as:

- (i) the cost of plant of United Kingdom manufacture;
- (ii) the cost of all materials and spares of United Kingdom manufacture imported into Turkey for the purpose of the Project;
- (iii) the cost of transportation, insurance and other services provided from the United Kingdom;
- (iv) the cost of depreciation of the contractor's plant which is of United Kingdom manufacture;
- (v) the salaries or other payments to citizens of the United Kingdom and Colonies who are members of the contractor's resident staff; and
- (vi) overheads and profit of the Cleveland Bridge and Engineering Company Limited retained in the United Kingdom.

(e) For the purposes of the loan, "local costs" are defined as:

- (i) the cost of goods, excluding sales tax or any other tax levied directly in Turkey, purchased under the Contract and which are wholly produced or manufactured in Turkey; and
- (ii) the cost of work done or services rendered under the Contract by persons who are citizens of Turkey.

(f) Photo-copies 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 Contractor 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 ensure the provision of such finance additional to the loan finance provided in accordance with the arrangements set out in this letter as may be needed to complete the Project and shall ensure that such finance shall be provided during the same period as the loan finance and in accordance with any programme of disbursements agreed between that Government and the Government of the United Kingdom.

(9) The Government of Turkey shall supply to the Government of the United

Kingdom an annual statement in duplicate in respect of the Project. The statement shall be countersigned by the appropriate audit authority of Turkey and shall show the loan drawings made in accordance with the provisions of paragraph (3) and the actual expenditure incurred during each Financial Year of the Government of Turkey and shall certify that the expenditure was incurred in accordance with the provisions of this letter and any conditions on which the Contract was accepted for financing from the loan. Such statements shall be forwarded to the Government of the United Kingdom as soon as possible and, in any event, not later than twelve months after the end of each Financial Year of the Government of Turkey.

(10) 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 letter, such repayment to be made by instalments paid on the dates and in the amounts specified below provided 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:

<i>Date Due</i>	<i>Amount</i>
	£
30th September 1975 and on the 30th September in each of the succeeding nineteen years	87,500
31st March 1976 and on the 31st March in each of the succeeding nineteen years	87,500

(11) The Government of Turkey shall pay to the Government of the United Kingdom in pounds sterling in London interest on drawings from the loan in accordance with the following provisions:

(a) In respect of each drawing the rate of interest shall be 4% (four per cent) per annum;

(b) Interest shall be calculated on a day-to-day basis on the balance of the loan for the time being outstanding;

(c) The first payment of accrued interest shall be made on 30th September 1970 and subsequent payments shall be made on 31st March 1971 and thereafter on 30th September and 31st March in each year.

(12) Notwithstanding the provision set out in paragraph (10), 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 outstanding together with the accrued interest thereon calculated in accordance with paragraph (11) above up to the date of payment. Should the Government of Turkey make an accelerated repayment of a part or the whole of a loan made by any other Government financing the Project, or by the European Investment Bank, the Government of the United Kingdom may demand that the Government of Turkey shall make accelerated repayments to the Government of the United Kingdom at a comparable rate and the Government of Turkey shall comply with such demand.

(13) The Government of Turkey shall permit officers of the British Embassy

and other servants or agents of the Government of the United Kingdom 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.

2. If the foregoing is acceptable to the Government of Turkey, I have the honour to propose that the present letter and its annexes together with Your Excellency's reply in that sense shall constitute an Agreement between the two Governments in this matter which shall enter into force on the date of your reply and that the Agreement shall be referred to as "the United Kingdom/Turkey (Bosphorus Bridge) Loan Agreement 1970"

I have the honour to be, with the highest consideration and respect,
Your Excellency's obedient Servant,

MICHAEL STEWART
Her Britannic Majesty's Principal Secretary of State
for Foreign and Commonwealth Affairs

ANNEX A

To: The Manager,
.....Bank,
London,

Dear Sir,

United Kingdom/Turkey (Bosphorus Bridge) Loan Agreement, 1970

I have to request you on behalf of the Government of Turkey (hereinafter "the Government") to open an account in the name of the Government, to be styled

.....
Account (hereinafter "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 against Payment Authorities and Payment Orders in the forms marked D, and D (i) attached hereto, duly signed on behalf of the Government 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 duplicate.

7. No bank charges and commissions claimed by you in respect of the operation of the Account are to 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 and Payment Orders on behalf of the Government of the United Kingdom will be sent to you direct.

Yours faithfully,

ANNEX B

UNITED KINGDOM/TURKEY (BOSPHORUS BRIDGE) LOAN AGREEMENT, 1970

NOTIFICATION OF CONTRACT

To: The Government of the United Kingdom

The following are details of the 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 Contractor providing British goods and services:
2. Date of Contract:
3. Name of Purchaser:
4. Short description of goods:

and/or works or services:

5. Value of the United Kingdom element of the Contract: £

Signed on behalf of the Government
of the Republic of Turkey

Date

ANNEX C

UNITED KINGDOM/TURKEY (BOSPHORUS BRIDGE) LOAN AGREEMENT, 1970

CONTRACT CERTIFICATE

Particulars of British Goods and Services to be provided under the Contract

1. Description of goods, works and services to be supplied to the Purchaser	United Kingdom Origin	Non-United Kingdom Origin
2. Total United Kingdom element of the Contract price payable by Purchaser	Sterling	Other Currency, if any
3. Estimated amounts, if any, paid (or to be paid) by the Contractor 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	Amount Description
4. I hereby declare that I am employed in the United Kingdom by The Cleveland Bridge and Engineering Co. Ltd. and 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 Contractor other than those specified in paragraph 3 above.		
<p style="text-align: right;">Signed Position held For Cleveland Bridge and Engineering Co. Ltd. on behalf of the Contractor Date</p>		

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

ANNEX C (i)

UNITED KINGDOM/TURKEY (BOSPHORUS BRIDGE) LOAN AGREEMENT, 1970

To:

We are pleased to inform you that we accept

We regret to inform you that we cannot accept

the United Kingdom element of the Contract, particulars of which are set out in the certificate attached hereto as eligible for payment from the above-mentioned loan to the extent of £

Would you please ensure that the above ODM contract number is quoted on all payment documents and correspondence relating to this Contract.

Date

Signed on behalf of the Government
of the United Kingdom of Great Britain
and Northern Ireland

ANNEX C (ii)

UNITED KINGDOM/TURKEY (BOSPHORUS BRIDGE) LOAN AGREEMENT, 1970

REQUEST FOR DRAWING

The following payments are expected to fall due under the Contract accepted under the terms of the above-mentioned loan:

<i>Name and address of Beneficiary</i>	<i>Date payment is due</i>	<i>Amount £</i>

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 Government of the United Kingdom

ANNEX D

UNITED KINGDOM/TURKEY (BOSPHORUS BRIDGE) LOAN AGREEMENT, 1970

PAYMENT AUTHORITY

Serial No.

To: The Manager,
..... Bank Ltd.

Dear Sir,

..... Account

You are hereby authorised to make the following payments from the above account on the dates stated:

<i>Name and address of Beneficiary</i>	<i>Date</i>	<i>Amount</i>

This is to certify that the payments stated above are due in sterling in respect of the provision of British goods and services under the Contract.

Date

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

Date

.....
Countersigned on behalf of the Government
of the United Kingdom of Great Britain
and Northern Ireland

ANNEX D (i)

UNITED KINGDOM/TURKEY (BOSPHORUS BRIDGE) LOAN AGREEMENT, 1970

PAYMENT ORDER

Serial No.

Dear Sirs,

..... Account

You are hereby authorised to make reimbursement out of the above-mentioned account to the account of the Government of Turkey of £. ... s. ... d. in respect of expenditure incurred in Turkey by the Contractor on the Project.

Signed on behalf of the Government
of Turkey

Date

Reimbursement agreed

Signed on behalf of the Government
of the United Kingdom

Date

To: The Manager

..... Bank Ltd.

London

ANNEX E

UNITED KINGDOM/TURKEY (BOSPHORUS BRIDGE) LOAN AGREEMENT, 1970

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 the Contract and are in accordance with the particulars of the Contract notified in the contract certificate signed on behalf of the said Contractor on .

<i>Contractor's Invoice No.</i>	<i>Date</i>	<i>Sterling amount £</i>	<i>Short description of services</i>

- (ii) there are included in the above-mentioned invoices the following amounts in respect of the non-United Kingdom services specified in paragraph 4 in 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 Contractor.

Signed

Position held

For Cleveland Bridge and Engineering Co., Ltd.
 on behalf of the Contractors

Date

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

ANNEX F

Serial No.

UNITED KINGDOM TURKEY (BOSPHORUS BRIDGE) LOAN AGREEMENT, 1970

STATEMENT OF EXPENDITURE

Ministry

Period covered

by statement

SECTION I

Statement of Expenditure since date of last statement:

- (a) Off-shore sterling costs as defined in paragraph B
 (6) (d) of the Agreement

£

- (b) United Kingdom share of local costs as defined in paragraph B (6) (e) of the Agreement
- (c) Other costs
- (d) Total

£

SECTION II

Summary:

- (e) Estimated total of off-shore sterling costs of Project
- (f) Estimated total of United Kingdom share of local costs of Project
- (g) Estimated total of other costs

£

- (h) Costs covered by previous statements (paragraph (j) of previous statement)
- (i) Costs covered by this statement (as paragraph (d) above)
- (j) Total expenditure to date

£

SECTION III

CERTIFICATION

I certify that the above statement of expenditure for £... (paragraph (d) above) is correct and that the expenditure was incurred additional to that already stated on previous statements.

Date

Signature

(Ministry Accountant)

Date

Signature

(Ministry of Foreign Affairs)

II

*The Minister of Finance of Turkey to Her Majesty's Principal Secretary
of State for Foreign and Commonwealth Affairs*

Your Excellency,

Ankara, 7th April, 1970

I have the honour to acknowledge Your Excellency's letter dated 7th April, 1970 which reads as follows:

[*See note I*]

In reply, I have the honour to inform Your Excellency that your proposal is acceptable to the Government of the Republic of Turkey who therefore agree and that Your Excellency's letter and this reply together with their respective annexes shall be regarded as constituting an Agreement between our two Governments in this matter.

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

M. EREZ
Minister of Finance,
Government of the Republic of Turkey

[*Annexes as under note I*]

EXCHANGE OF LETTERS

I

*Her Majesty's Principal Secretary of State for Foreign and Commonwealth
Affairs to the Minister of Finance for Turkey*

BRITISH EMBASSY

Ankara, 7th April, 1970

Your Excellency,

In connection with the United Kingdom/Turkey (Bosphorus Bridge) Loan Agreement, 1970 signed today between our two Governments I have the honour to state that it is the understanding of Her Majesty's Government that the Government of the Republic of Turkey will take all steps necessary to ensure that payments described at paragraph B (3) of the Agreement due under the Contract referred to in paragraph A thereof will be made with all reasonable expedition from the monies to be provided by the Government

of the United Kingdom, in accordance with the other provisions of the Agreement.

I have the honour to suggest that if the foregoing correctly sets out the intentions of the Government of the Republic of Turkey the present letter and Your Excellency's reply to that effect should be regarded as placing on record the understanding of our two Governments in this matter.

I have the honour to be, with the highest consideration and respect, Your Excellency's obedient Servant,

MICHAEL STEWART
Her Britannic Majesty's Principal
Secretary of State for Foreign
and Commonwealth Affairs

II

*The Minister of Finance for Turkey to Her Majesty's Principal Secretary
of State for Foreign and Commonwealth Affairs*

Ankara, 7th April, 1970

Your Excellency,

I have the honour to acknowledge Your Excellency's letter dated 7th April, 1970 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 constitute an integral part of the United Kingdom/Turkey (Bosphorus Bridge) Loan Agreement 1970, signed today between our two Governments.

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

M. EREZ
Minister of Finance
Government of the Republic of Turkey