

No. 11812

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

**and
TURKEY**

Exchange of notes constituting an agreement concerning a loan by the Government of the United Kingdom to the Government of Turkey—*United Kingdom/Turkey Loan Agreement (No. 2) of 1971 (with annexes). Ankara, 6 September 1971*

Authentic text : English.

Registered by the United Kingdom of Great Britain and Northern Ireland on 9 May 1972.

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

**et
TURQUIE**

Échange de notes constituant un accord relatif à l'octroi d'un prêt par le Gouvernement du Royaume-Uni au Gouvernement turc — *Accord de prêt Royaume-Uni/Turquie (n° 2) de 1971 (avec annexes). Ankara, 6 septembre 1971*

Texte authentique : anglais.

Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 9 mai 1972.

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
TURKEY CONCERNING A LOAN BY THE GOVERN-
MENT OF THE UNITED KINGDOM TO THE GOVERN-
MENT OF TURKEY

I

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

BRITISH EMBASSY

ANKARA

6 September, 1971

Your Excellency,

1. I have the honour to refer to discussions which have recently taken place 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 Government of Turkey 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 to make available to the Government of Turkey by way of a loan a sum not exceeding £1,500,000 (one million five hundred thousand pounds sterling) (hereinafter referred to as " the loan ") for the purchase in the United Kingdom (which for the purposes of this note shall be deemed to include the Channel Islands and the Isle of Man) of the goods and services hereinafter mentioned, for the purpose of assisting in the implementation of the 1971 Import Programme of that Government.

B. (1) The Government of the United Kingdom shall adopt the arrangements and procedures described in the following paragraphs of this note 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) 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 to reimburse the

¹ Came into force on 6 September 1971, the date of the note in reply, in accordance with the provisions of the said notes.

Turkiye Cumhuriyet Merkez Bankasi (TCMB)—acting on behalf of the Government of Turkey—for payments made under a contract for the purchase of goods 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 by persons ordinarily resident or carrying on business in the United Kingdom or for two or more such purposes, being a contract which :

- (a) provides for payment in sterling to persons carrying on business in the United Kingdom 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.

(3) (a) Where the Government of Turkey propose that any expenditure shall be reimbursed from the loan, that Government shall ensure that there are forwarded to the Government of the United Kingdom for retention by that Government a request for reimbursement in the form set out in annex A to this note accompanied by :

- (i) a copy of each relevant contract or of a notification thereof in the form set out in annex B to this note or of a letter of credit relating to the contract; and
- (ii) a copy of a Certificate of Origin from the contractor in the United Kingdom in the form set out in annex C or annex C (Chemicals) (whichever is appropriate) to this note and
- (iii) the relevant invoices showing evidence of the payment having been made.

(b) For the purposes of this paragraph photocopies or duplicates of invoices may be submitted instead of originals.

(4) (a) After the Government of the United Kingdom have considered the documents forwarded in respect of payments made 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, to the extent that it accepts the requests submitted, reimburse the Government of Turkey by making payment in sterling into the account designated in the Request for Reimbursement and each such payment shall constitute a drawing on the loan. The Government of the United Kingdom shall notify the Government of Turkey of the payments made. The Government of Turkey shall notify the Government of the United Kingdom of the names of the representatives who are duly authorised to sign on their behalf the Requests for Reimbursement in the form set out in annex A to this note, and shall furnish a specimen signature in duplicate of each such representative.

(b) Unless the Government of the United Kingdom otherwise agree no payments into the accounts shall be made after the 31st March 1972.

(5) If any payment in respect of which a reimbursement has been made is subsequently refunded either by the supplier or by a guarantor the Government of Turkey shall, so long as there are still reimbursements to be made under this loan, pay an amount equivalent to such refund to the Government of the United Kingdom and an equivalent sum shall be available for reimbursement under these arrangements.

(6) 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>Date due</i>	<i>Amount £</i>
1st March 1979 and on the 1st March in each of the succeeding 17 years	41,700
1st September 1979 and on the 1st September in each of the succeeding 16 years.	41,700
1st September 1996.	40,500

(7) 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 2% (two 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 1st March 1972 and subsequent payments shall be made on 1st September 1972 and thereafter on 1st March and 1st September in each year.

(8) Notwithstanding the provisions of paragraph (6) 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 then outstanding.

(9) 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 the choice of vessels for this purpose shall be governed by commercial considerations alone.

2. If the foregoing proposals are acceptable to the Government of the Republic of Turkey, I have the honour to propose that the present note and its annexes 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 that the Agreement shall be referred to as the *United Kingdom/Turkey Loan Agreement (No. 2) 1971*.

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

RODERICK SARELL
Her Britannic Majesty's Ambassador

ANNEX A

THE UNITED KINGDOM/TURKEY LOAN AGREEMENT (No. 2) 1971

REQUEST FOR REIMBURSEMENT

Dear Sirs,

1. You are hereby requested to pay to the account of the *Turkiye Cumhuriyet Merkez Bankasi* at..... London....., the sum of £..... in reimbursement of the payments made and certified in the documentation enclosed herewith in accordance with paragraph B (3) of the exchange of Notes constituting the loan.

2. This is to certify that these payments have been made on the dates as shown in the enclosed documents to the Suppliers named, who are persons carrying on business in the United Kingdom, the Channel Islands or the Isle of Man and that the payments made were in respect of goods or materials wholly or mainly produced or manufactured in the United Kingdom, or, in respect of chemicals and allied products, goods which are duly declared to be of United Kingdom origin, or in respect of the provision of works or services by persons ordinarily resident or carrying on business in the United Kingdom, the Channel Islands or the Isle of Man.

3. A payment into the account named in respect of the sum now requested shall constitute a drawing on the loan.

Signed on behalf of the Government
of Turkey :

Date.....

.....

To : The Government of the United Kingdom

ANNEX B

UNITED KINGDOM/TURKEY LOAN AGREEMENT (No. 2) 1971

NOTIFICATION OF CONTRACT

To : Government of the United Kingdom

Notification of Contract No.....

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

1. Name and address of United Kingdom contractor :
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 Turkey :

Date.....

.....

ANNEX C

UNITED KINGDOM/TURKEY LOAN AGREEMENT (No. 2) 1971

CERTIFICATE OF ORIGIN

(For Chemicals and Allied Products use alternative
"Certificate" Overleaf)

Particulars of Contract

1. Date of Contract.....
2. Contract No.....
3. Description of goods or services supplied to the purchaser.....

.....
If a number of items have been supplied, a detailed list should be appended to this certificate.

4. Total contract price paid by purchaser (state CIF, C & F or FOB) £.....

IF GOODS HAVE BEEN SUPPLIED THE FOLLOWING SECTIONS MUST BE COMPLETED. If the contractor is exporting agent only, the information requested should be obtained from manufacturer.

5. Estimated % of the FOB value of the goods not originating in the United Kingdom, but purchased by the contractor directly from abroad, *i.e.* % of imported raw material or components used to manufacture.

(a) % FOB value.....

(b) Description of items and brief specifications.....

6. If any raw material or components used originated from abroad, *e.g.* copper, asbestos, cotton, wood pulp, etc., but have been purchased in the United Kingdom by the contractor for this contract, specify :

(a) % FOB value.....

(b) Description of items and brief specifications.....

IF SERVICES HAVE BEEN SUPPLIED, THE FOLLOWING SECTION SHOULD ALSO BE COMPLETED

7. State the estimated value of any work done or services performed in the purchaser's country by :

(a) Your firm (site engineer's charges, etc.).....

(b) Local contractor.....

8. Qualifying remarks as necessary in respect of paragraph 5, 6 or 7 above.....

.....

9. I hereby declare that I am employed in the United Kingdom by the Contractor named below 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 have been supplied by the Contractor other than those specified in paragraphs 5, 6, 7 and 8 above.

Signed.....

Position held.....

Name and Address of Contractor.....

Date.....

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

ANNEX C (CHEMICALS)

UNITED KINGDOM/TURKEY LOAN AGREEMENT (No. 2) 1971

CERTIFICATE OF ORIGIN
FOR CHEMICAL AND ALLIED PRODUCTS ONLY

1. Date of Contract..... Contract No.....

Project Title (if appropriate).....

<i>Description of Product(s) supplied to Purchaser (Note A)</i>	<i>Price £</i>	<i>U.K. Tariff Classification No. (Note B)</i>	<i>Is the product of U.K. origin? (See Note C) State Yes or No</i>
.....
.....
.....

3. Total Contract Price paid 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 U.K. Tariff.
- B. *See :*
- (i) *H.M. 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 "U.K. origin" if made either wholly from indigenous U.K. 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 I of the *EFTA Compendium for Use of Exporters*, H.M.S.O.
 - (iii) For the purposes 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 "U.K. Origin" only.
 - (v) For the purposes 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 Crown Agents, CS4 Division, 4 Millbank, London, S.W.1.
- D. For the purpose of this declaration the U.K. includes the Channel Islands and the Isle of Man.

II

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

TÜRKİYE CUMHURİYETİ
DIŞİŞLERİ BAKANLIĞI¹
ANKARA

6th September, 1971

Your Excellency,

I have the honour to acknowledge Your Excellency's note dated 6th September 1971 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 agree that Your Excellency's note and its annexes together with this reply shall constitute an agreement between the two Governments in this matter which shall enter into force on this day's date and shall be referred to as the *United Kingdom/Turkey Loan Agreement (No. 2) 1971*.

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

[Signed]
SAİT NACI ERGİN
Minister of Finance

[Annexes as under note I]

¹ Turkish Republic, Ministry of Foreign Affairs.