

No. 18630

**UNITED STATES OF AMERICA
and
TURKEY**

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed or insured by the United States Government and its agencies (with annexes). Signed at Washington on 21 September 1978

Authentic texts: English and Turkish.

Registered by the United States of America on 18 April 1980.

**ÉTATS-UNIS D'AMÉRIQUE
et
TURQUIE**

Accord concernant la consolidation et le rééchelonnement de certaines dettes relatives à des crédits consentis, garantis ou assurés par le Gouvernement des États-Unis ou des organismes dépendant de celui-ci (avec annexes). Signé à Washington le 21 septembre 1978

Textes authentiques : anglais et turc.

Enregistré par les États-Unis d'Amérique le 18 avril 1980.

AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND THE
REPUBLIC OF TURKEY REGARDING THE CONSOLIDATION AND
RESCHEDULING OF CERTAIN DEBTS OWED TO, GUARANTEED
OR INSURED BY THE UNITED STATES GOVERNMENT AND ITS
AGENCIES

The United States of America (the “United States”) and the Republic of Turkey (“Turkey”) agree as follows:

Article I. APPLICATION OF THE AGREEMENT

1. In accordance with the provisions of the Understanding reached on May 20, 1978 (the “Understanding”) among representatives of certain nations, including the United States, and agreed to by the representative of Turkey, the United States and Turkey hereby agree to consolidate and reschedule certain Turkish debts which are owed to, guaranteed by or insured by the United States or its agencies, as provided for in this Agreement.

2. This Agreement shall be implemented by separate agreements (the “implementing agreements”) between the United States and Turkey with respect to P.L. 480 agreements and the 1972 arrangement consolidating credits granted to Turkey by the European Fund of the European Monetary Agreement, and between Turkey and each of the following United States agencies: the Agency for International Development, the Export-Import Bank of the United States, and the Department of Defense. The Department of Defense will include in its implementing agreement amounts which it will pay the Federal Financing Bank pursuant to contracts of guaranty covering contracts between the Federal Financing Bank and Turkey.

Article II. DEFINITIONS

1. “Contracts” or “original contracts” means those agreements listed in Annex A, and other financial arrangements between Turkish obligors and the Export-Import Bank executed prior to January 1, 1978, with unpaid maturities as of May 20, 1978, or maturities falling due during the consolidation period.

2. “Debt” means the following obligations with respect to contracts executed prior to January 1, 1978:

- (a) The sum of principal and interest, payable with respect to contracts having an original maturity of more than one year, due between January 1, 1977, and May 20, 1978, and remaining unpaid on May 20, 1978;
- (b) The sum of principal and interest payable with respect to contracts having an original maturity of more than one year and due between May 21, 1978, and June 30, 1979; and
- (c) The sum of principal and interest, payable with respect to contracts having an original maturity of one year or less, due between January 1, 1977, and May 20, 1978, and remaining unpaid on May 20, 1978.

¹ Came into force on 7 December 1978, upon receipt by Turkey of written notice that domestic United States laws and regulations covering debt rescheduling had been complied with, in accordance with article V.

3. "Consolidated debt" means eighty percent of the dollar amount of debt described in paragraph 2 above. "Non-consolidated debt" means the remaining twenty percent of the dollar amount of debt described in paragraph 2 above.

4. "Consolidation period" means the period from January 1, 1977, through June 30, 1979.

5. "Interest" means interest on debt. Such interest shall begin to accrue at the rates set forth in this Agreement on May 21, 1978, for debt described in article II, paragraphs 2(a) and 2(c), and on the respective due dates specified in each of the original contracts for each scheduled payment for debt described in article II, paragraph 2(b), and shall continue to accrue until the debt is repaid in full. Additional interest shall accrue on due but unpaid installments of principal and interest scheduled pursuant to this Agreement at the same rate until such amounts are paid in full.

6. "Agency" means: Agency for International Development, Export-Import Bank of the United States, and the Department of Defense.

Article III. TERMS AND CONDITIONS OF PAYMENT

1. Turkey agrees to repay the consolidated debt in United States dollars in accordance with the following terms and conditions:

- (a) The consolidated debt relating to debt described in article II, paragraphs 2(a) and 2(b) above and currently amounting to \$140.6 million shall be repaid in ten equal semi-annual installments of \$14.06 million, commencing on June 30, 1981, with the final installment payable on December 31, 1985.
- (b) The consolidated debt relating to debt described in article II, paragraph 2(c) above and amounting to \$12.0 million shall be repaid in eight equal semi-annual installments of \$1.50 million, commencing on June 30, 1980, with the final installment payable on December 31, 1983.
- (c) The rate of interest shall be 2.7 percent per calendar year on the outstanding balance of the consolidated debt due to the Agency for International Development and to the United States with respect to P.L. 480 agreements, 3.0 percent per calendar year on the outstanding balance of consolidated debt due to the United States with respect to the 1972 consolidation of credits granted to Turkey by the European Monetary Agreement, and 8.0 percent per calendar year on the outstanding balance of consolidated debt due to, guaranteed by, or insured by the Export-Import Bank of the United States or the Department of Defense. All interest payable with respect to the consolidated debt shall be payable semi-annually on December 31 and June 30 of each year commencing on December 31, 1978.
- (d) A table summarizing the amounts of the consolidated debt owed to the United States and each agency is attached hereto as Annex B.

2. Turkey agrees to pay the non-consolidated debt in United States dollars in accordance with the following terms and conditions:

- (a) The non-consolidated debt related to debt described in article II, paragraphs 2(a) and 2(b) above and currently amounting to \$35.3 million shall be repaid in four equal semi-annual installments of \$8.82 million commencing on December 31, 1978, with the final installment payable on June 30, 1980.
- (b) The non-consolidated debt relating to debt described in article II, paragraph 2(c) above and amounting to \$3.0 million shall be repaid in four equal semi-annual installments of \$0.75 million commencing on September 30, 1978, with the final installment payable on March 31, 1980.
- (c) The rate of interest shall be 2.7 percent per calendar year on the outstanding balance of the non-consolidated debt due to the Agency for International Development and

to the United States with respect to P.L. 480 agreements, 3.0 percent per calendar year on the outstanding balance of non-consolidated debt due to the United States with respect to the 1972 consolidation of credits granted to Turkey by the European Monetary Agreement, and 8.0 percent per calendar year on the outstanding balance of non-consolidated debt due to, guaranteed by, or insured by the Export-Import Bank of the United States or the Department of Defense. All interest payable with respect to the non-consolidated debt portion of obligations described in article II, paragraphs 2(a) and 2(b) above shall be payable semi-annually on December 31 and June 30 of each year commencing on December 31, 1978. All interest payable with respect to the non-consolidated debt portion of obligations described in article II, paragraph 2(c) above shall be paid semi-annually on March 31, and September 30 of each year, commencing September 30, 1978.

(d) A table summarizing the amounts of non-consolidated debt owed to the United States and each agency is attached hereto as Annex C.

3. It is understood that adjustments will be made in the amounts of consolidated and non-consolidated debt specified in paragraphs 1 and 2 of this article by the implementing agreements. In part this will reflect disbursements on debt during the consolidation period. Adjustments shall be made to the scheduled repayments commencing with December 31, 1979, pursuant to this Agreement, to reflect increased interest accrued and due during the consolidation period on advances made after the date of this Agreement from Department of Defense guaranteed loans 765-G, 772-G, and 781-G.

Article IV. GENERAL PROVISIONS

1. Turkey agrees to grant the United States and its agencies, and any other creditor which is party to an original contract, treatment and terms no less favorable than that which may be accorded to any other creditor country for the consolidation of debts covered by the Understanding.

2. Except as they may be modified by this Agreement or subsequent implementing agreements, all terms of the original contracts remain unchanged.

Article V. ENTRY INTO FORCE

This Agreement shall enter into force upon receipt by Turkey of written notice that domestic United States laws and regulations covering debt rescheduling concerning this Agreement have been complied with.

DONE at Washington, in duplicate, this twenty-first day of September, 1978.

For the United States of America:

[Signed — Signé]¹

For the Republic of Turkey:

[Signed — Signé]²

¹ Signed by Julius L. Katz — Signé par Julius L. Katz.

² Signed by Asaf Guven — Signé par Asaf Guven.

ANNEX A

LOAN AGREEMENTS SUBJECT TO RESCHEDULING

Export-Import Bank

<i>Direct Credit No.</i>	<i>Direct Credit No.</i>
4336	E 4094
4411	E 4224
4514	4575
4532	5083
4587	5134
4637	5931
4893	6056
5047	6135
6172	6143
E 2970	6329
E 2974	6375
E 3361	
E 3827	E 3808
E 3856	5406 (Commitment Fee of)
<i>Financial Guarantees Credit No.</i>	<i>Financial Guarantees Credit No.</i>
FG 4412	FG 5084
FG 4515	FG 6330
FG 4576	EFG 3809
FG 4638	EFG 4095
FG 5048	PF 5932

Suppliers' Credits Against Which Claims Paid

<i>Claim References</i>	<i>Reference Number</i>
CDP-45	300.183/028
CDP-46	310208
CDP-47	Unknown
CDP-48	Unknown
CDP-52	Unknown
CDP-54	Unknown
CDP-55	Unknown
CDP-59	512329
CDP-60	300.204/028
CDP-61	41/68869
	41/69743
	41/69744
CDP-63	41/73075
	41/73076
CDP-65	42729
CDP-68	MM/MAU 203183
CDP-70	300.214/028
CDP-74	16381
P-354	4509
P-355	05428
P-356	41/72130
P-357	255748
P-363	KYO-3M1

<i>Claim References</i>	<i>Reference Number</i>
PM-43	42352/39
PM-44	42493/39
PM-45	M/46
PM-46	311131
PM-47	43751/39
	43752/39
	43954/39
PM-48	1236/2
PM-49	1243/2
PM-50	

P.L. 480

Agreements Dated:

March 16, 1970¹

January 29, 1971²

February 6, 1969³

1972 Arrangement Consolidating Credits Granted to Turkey by the European Fund of the European Monetary Agreement

Treasury Transaction #724002

Agency For International Development

<i>Loan Numbers</i>	<i>Loan Numbers</i>	<i>Loan Numbers</i>
277-H-043	277-H-052	277-H-078
277-H-074	277-H-053	277-H-080
277-H-093	277-H-054	277-H-081
277-B-001	277-H-056	277-H-082
277-B-002	277-H-058	277-H-083
277-B-003	277-H-059	277-H-084
277-A-020	277-H-060	277-H-091
277-H-033	277-H-062	277-H-085
277-H-035	277-H-063	277-H-086
277-H-036	277-H-066	277-H-087
277-H-042	277-H-068	277-H-088
277-H-044	277-H-069	277-H-089
277-H-048	277-H-070	277-H-092
277-H-049A	277-H-071	277-H-094
277-H-050A	277-H-076	277-K-095
277-H-051	277-H-077	

¹ United Nations, *Treaty Series*, vol. 740, p. 295.

² *Ibid.*, vol. 781, p. 195.

³ *Ibid.*, vol. 714, p. 165.

Department of Defense

<i>Direct Credit</i>		<i>Direct Credit</i>
<i>No.</i>		<i>No.</i>
721 D		741 D
731 D		751 D
<i>Financial Guarantees</i>		<i>Financial Guarantees</i>
<i>Credit No.</i>		<i>Credit No.</i>
742 G		752 G
743 G		765 G
744 G		771 G
745 G		772 G
		781 G

ANNEX B

SUMMARY OF CONSOLIDATED DEBT*
(Millions of Dollars)

	<i>Contracts with a maturity of more than one year</i>	<i>Contracts with a maturity of one year or less</i>	<i>Total</i>
Export-Import Bank.....	44.0	12.0	56.0
P.L.-480.....	.7	—	.7
Treasury Transaction #724002.....	9.5	—	9.5
Agency for International Development.....	37.4	—	37.4
Department of Defense.....	49.0	—	49.0
TOTAL	140.6	12.0	152.6

* Data are rounded and subject to revision per article III, paragraph 3.

ANNEX C

SUMMARY OF NON-CONSOLIDATED DEBT*
(Millions of Dollars)

	<i>Contracts with a maturity of more than one year</i>	<i>Contracts with a maturity of one year or less</i>	<i>Total</i>
Export-Import Bank.....	11.0	3.0	14.0
P.L.-480.....	.2	—	.2
Treasury Transaction #724002.....	2.4	—	2.4
Agency for International Development.....	9.4	—	9.4
Department of Defense.....	12.3	—	12.3
TOTAL	35.3	3.0	38.3

* Data are rounded and subject to revision per article III, paragraph 3.