

No. 18251

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

**Agreement on certain commercial debts (with schedules).
Signed at Ankara on 17 November 1978**

Authentic text: English.

*Registered by the United Kingdom of Great Britain and Northern Ireland
on 30 January 1980.*

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

**Accord relatif à certaines dettes commerciales (avec annexes).
Signé à Ankara le 17 novembre 1978**

Texte authentique : anglais.

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord
le 30 janvier 1980.*

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE REPUBLIC OF TURKEY ON CERTAIN COMMERCIAL DEBTS

The Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the United Kingdom") and the Government of the Republic of Turkey (hereinafter referred to as "Turkey"),

As a result of the conference regarding the consolidation of Turkish debts held in Paris on 18, 19 and 20 May 1978 at which the Government of the United Kingdom, the Government of Turkey, certain other Governments, the International Monetary Fund, the International Bank for Reconstruction and Development, the Commission of European Communities and the Organisation for Economic Cooperation and Development were represented,

Have agreed as follows:

Article 1. DEFINITIONS

In this Agreement, unless the contrary intention appears:

(a) "Credit contract" shall mean a credit contract as defined in article 2 of this Agreement.

(b) "Credit period" shall mean in relation to a credit contract the longest period of credit in respect of debts under that contract and references to credit contracts where the credit is less than one year shall include those contracts which do not provide for any credit to be given.

(c) "Creditor" shall mean a creditor as defined in article 2 of this Agreement.

(d) "Currency of the debt" shall mean sterling or such other currency not being Turkish liras as is specified in the credit contract.

(e) "Debt" shall mean any debt to which, by virtue of the provisions of articles 2 and 9 of this Agreement and of schedule 2 to this Agreement, the provisions of this Agreement apply.

(f) "Debtor" shall mean a debtor as defined in article 2 of this Agreement.

(g) "Maturity" in relation to a debt shall mean the date for the repayment thereof under the relevant credit contract or under a promissory note or bill of exchange drawn up pursuant to the terms of such credit contract.

(h) "Payment in Turkish liras" shall mean payment in Turkish liras as specified in article 3 of this Agreement.

(i) "The Department" shall mean the Export Credits Guarantee Department of the United Kingdom or any other department which the Government of the United Kingdom may nominate for the purposes of this Agreement.

(j) "Transfer scheme" shall mean the transfer scheme referred to in article 4 of this Agreement.

¹ Came into force on 30 December 1978, the date on which the Parties had informed each other in writing of the completion of the necessary constitutional and legal procedures, in accordance with article 11.

Article 2. THE DEBT

1. The provisions of this Agreement shall, subject to the provisions of paragraph 2 of this article, apply to any debt, whether of principal or of contractual interest accruing up to maturity, owed as primary or principal debtor or as guarantor by the Government of Turkey or by a person or body of persons or corporation resident or carrying on business in Turkey or by any successor thereto (hereinafter referred to as "debtor") to a person or body of persons or corporation resident or carrying on business in the United Kingdom or to any successor thereto (hereinafter referred to as "creditor") provided that:

- (a) The debt arises under or in relation to a contract or any agreement supplemental thereto which was made between the debtor and the creditor for the supply from outside Turkey of goods or services or both or of finance therefor, and which was entered into before 1 January 1978 (hereinafter referred to as a "credit contract");
- (b) (i) In the case of a debt arising under a credit contract where the credit period is one year or less, maturity of the debt occurred between 1 January 1977 and 20 May 1978 (both dates inclusive) and that debt remains unpaid;
(ii) In the case of a debt arising under a credit contract where the credit period is more than one year, maturity of the debt occurred or will occur between 1 January 1977 and 30 June 1979 (both dates inclusive) and, where maturity has occurred, that debt remains unpaid;
- (c) The debt is or will be in respect of a credit contract guaranteed as to payment of that debt under a guarantee issued by the Department; and
- (d) The debt is not expressed by the terms of the credit contract to be payable in Turkish liras.

2. The provisions of this Agreement shall not apply to so much of any debt as arises from an amount payable upon or as a condition of the formation of the credit contract, or upon or as a condition of the cancellation or termination of the credit contract.

Article 3. PAYMENTS IN TURKEY IN RESPECT OF DEBTS

Each payment in Turkish liras by a debtor in respect of a debt shall upon the entry into force of this Agreement or upon payment by the debtor whichever is later become an official obligation of Turkey. The transfer of the debt to the creditors will be made in accordance with the provisions of article 4 of this Agreement.

Article 4

Turkey shall ensure that the payments by the debtors shall be transferred to the creditors in the United Kingdom in the currency of the debt in accordance with the transfer scheme set out in schedule 1 to this Agreement. Turkey warrants the correct and timely transfer of the amounts specified in the credit contracts.

Article 5

1. Turkey shall be liable for and shall pay to the creditor interest in accordance with the provisions of this article on any debt to the extent that it has not been settled by payment to the creditor.

2. Interest shall accrue during and shall be payable in respect of the period from maturity until the settlement of the debt by a payment to the creditor and shall be paid and transferred to the creditor concerned in the currency of the debt half-yearly on 30 June and 31 December of each year commencing on 31 December 1978.

3. Interest shall be calculated on the outstanding amount of the debt and shall be paid:

- (a) For the period from maturity up to and including 20th May 1978, at the rate specified in the relevant credit contract for interest to be paid on payments thereunder which are overdue, or, in the case of payments under bills of exchange or promissory notes drawn pursuant to the terms of such credit contract at the rate specified therein in respect of interest on such payments when overdue and thereafter at the rate of 9 per cent per annum, and
- (b) Where no rate is so specified in the credit contract the rate shall be 9 per cent per annum,

provided that the rate of 9 per cent specified in subparagraphs (a) and (b) above shall, where the currency of the contract is denominated in United States dollars or in deutsche marks, be 8 per cent and 6.5 per cent respectively.

Article 6. EXCHANGE OF INFORMATION

The Department and the Central Bank of the Republic of Turkey shall exchange all information required for the implementation of this Agreement.

Article 7. OTHER DEBT SETTLEMENTS

1. If Turkey agrees with any creditor country other than the United Kingdom terms for the settlement of indebtedness similar to the indebtedness the subject of this Agreement which are more favourable than are the terms of this Agreement to creditors, then the terms for the payment of debts the subject of this Agreement shall, subject to the provisions of paragraphs 2 and 3 of this article, be no less favourable to creditors than the terms so agreed with that other creditor country notwithstanding any provision of this Agreement to the contrary.

2. The provisions of paragraph 1 of this article shall not apply in a case where the aggregate of the indebtedness to that other creditor country is less than the equivalent of SDR 1 million.

3. The provisions of paragraph 1 of this article shall not apply to matters relating to the payments of interest determined by article 5 hereof.

Article 8. PRESERVATION OF RIGHTS AND OBLIGATIONS

The Agreement and its implementation shall not affect the rights and obligations of creditors and debtors under their credit contracts.

Article 9. RULES

In the implementation of this Agreement the rules set out in schedule 2 to this Agreement shall apply.

Article 10. THE SCHEDULES

The schedules to this Agreement shall form an integral part thereof.

Article 11. ENTRY INTO FORCE AND DURATION

This Agreement shall enter into force after the necessary constitutional and legal procedures have been completed in both countries. The parties shall inform each other in writing upon the completion of the above mentioned procedures and such notification shall be given by not later than 31 December 1978.

This Agreement shall remain in force until the last of the payments to be made to the creditors under articles 4 and 5 of this Agreement has been made.

IN WITNESS WHEREOF the undersigned, being duly authorised thereto, have signed this agreement.

DONE in duplicate at Ankara this 17 November 1978.

For the Government
of the United Kingdom of Great
Britain and Northern Ireland:

DEREK DODSON

For the Government
of the Republic of Turkey:

VURAL GÜÇSAVAŞ

SCHEDULE 1

TRANSFER SCHEME

1. In respect of each debt arising under a credit contract where the credit period is one year or less which fell due between 1 January 1977 and 20 May 1978 both dates inclusive and which remains unpaid:

- (a) An amount equal to 20 per cent of each payment in Turkish liras shall be transferred from Turkey to the United Kingdom in three instalments the first of which amounting to 7 per cent shall be payable on 31 March 1979, the second amounting to 7 per cent shall be payable on 30 September 1979, and the remaining 6 per cent on 31 March 1980; and
- (b) An amount equal to 80 per cent of each payment in Turkish liras shall be transferred from Turkey to the United Kingdom in eight equal half-yearly instalments on 30 June and 31 December each year commencing on 30 June 1980.

2. In respect of each debt arising under a credit contract where the credit period is more than one year which fell due or will fall due between 1 January 1977 and 30 June 1979 both dates inclusive and which remains unpaid:

- (a) An amount equal to 20 per cent of each payment in Turkish liras shall be transferred from Turkey to the United Kingdom in four equal instalments, the first instalment to be transferred in the case of a debt which will fall due between 1 January 1979 and 30 June 1979 (both dates inclusive) on the date of payment in lira and in all other cases on 31 December 1978, and subsequent instalments to be transferred on 30 June 1979, 31 December 1979 and 30 June 1980; and
- (b) An amount equal to 80 per cent of each payment in Turkish liras shall be transferred from Turkey to the United Kingdom in ten equal half-yearly instalments on 30 June and 31 December each year commencing on 30 June 1981.

SCHEDULE 2

RULES

1. The Department and the Central Bank of the Republic of Turkey shall agree a list of debts to which, by virtue of the provisions of article 2 of this Agreement, this Agreement applies.

2. Such a list shall be completed as soon as possible. This list may be reviewed from time to time at the request of the Department or of the Central Bank of the Republic of Turkey. The agreement of both the Department and the Central Bank of the Republic of Turkey shall be necessary before the list may be altered or amended or added to.

3. Neither inability to complete the list referred to in paragraphs 1 and 2 of this schedule nor delay in its completion shall prevent or delay the implementation of the other provisions of this Agreement.

4. Upon the making of a payment in Turkish liras by a debtor pursuant to article 3 of this Agreement the Central Bank of the Republic of Turkey shall notify the Department.

5. (a) The Central Bank of Turkey shall transfer the necessary amounts in the currency of the debt to a bank in the United Kingdom together with payment instructions in favour of the creditor to whom payment is due in accordance with this Agreement.

(b) When making such transfer the Central Bank of the Republic of Turkey shall give the Department particulars of the debts and of the interest calculated in accordance with the provisions of article 5 of this Agreement.
