

No. 19926

**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 Ankara on 11 December 1979

Authentic text: English.

Registered by the United States of America on 10 June 1981.

**ÉTATS-UNIS D'AMÉRIQUE
et
TURQUIE**

Accord relatif à la consolidation et au rééchelonnement de certaines dettes contractées à l'égard du Gouvernement des États-Unis et de ses agences ou garanties ou assurées par le Gouvernement des États-Unis (avec annexes). Signé à Ankara le 11 décembre 1979

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 10 juin 1981.

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 July 25, 1979 (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 Turkey and the United States 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 maturities falling due during the Consolidation Period.

2. “Debt” means the sum of principal and interest payable with respect to Contracts having an original maturity of more than one year and due between July 1, 1979 and June 30, 1980 inclusive.

3. “Consolidated Debt” means eighty-five percent of the dollar amount of the debt described in paragraph 2 above. “Non-consolidated Debt” means the remaining fifteen percent of the dollar amount of debt described in paragraph 2 above.

4. “Consolidation Period” means the period from July 1, 1979 through June 30, 1980.

5. “Interest” means interest on Debt. Such Interest shall begin to accrue at the rates set forth in this Agreement on the respective due dates specified in

¹ Came into force on 14 January 1980, the date of receipt by Turkey of a written notice that domestic United States laws and regulations had been complied with, in accordance with article V.

each of the Original Contracts for each scheduled payment of Debt 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: United States Agency for International Development, Export-Import Bank of the United States, and the United States 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, paragraph 2 above and amounting to \$166 million shall be repaid in ten equal semi-annual installments of \$16.6 million, commencing on July 1, 1983 with the final installment payable on January 2, 1988.
- (b) The rate of Interest shall be 2.8 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, 8.125 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, and 8.0 percent per calendar year on the outstanding balance of Consolidated Debt due to or guaranteed by the Department of Defense. All Interest payable with respect to the Consolidated Debt shall be payable semi-annually on January 2 and July 1 of each year commencing on January 2, 1980.
- (c) 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, paragraph 2 above and currently amounting to \$29.4 million shall be repaid in three equal semi-annual installments of \$9.8 million on April 1, 1980, October 1, 1980, and April 1, 1981.
- (b) The rate of Interest shall be 2.8 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 8.125 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, and 8.0 percent per calendar year on the outstanding balance of Consolidated Debt due to or guaranteed by the Department of Defense. All Interest payable with respect to the Non-consolidated Debt portion shall be payable semi-annually on April 1 and October 1 of each year commencing on April 1, 1980.

(c) 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 Ankara, Turkey, in duplicate, this eleventh day of December, 1979.

For the United States of America:

[Signed]

RONALD I. SPIERS
Ambassador

For the Republic of Turkey:

[Signed]

VURAL GUCSAVAS
Undersecretary of Finance

ANNEX A

LOAN AGREEMENTS SUBJECT TO RESCHEDULING

Export-Import Bank

<i>Direct Credit</i>		<i>Financial Guarantees</i>	
<i>No.</i>		<i>Credit No.</i>	
4411	E 3827		FG 5048
4514	E 4094		FG 5084
4532	E 4224		FG 6330
4587	4575		EFG 3809
4637	5083		PF 5932
4893	5134		FG 6057
5047	5931		FG 6376
6172	6056		
E 2970	6143		
E 3361	6329		

Suppliers Credits Against Which Claims Paid

<i>Reference Number</i>	<i>Turkish Obligor</i>	<i>US Exporter</i>
MP-209/MT 11073	Unitrans International Transport	North American African Corporation
MP-207/MT 10749	Karsv Tekstil	Leesone Corp.
MP-208/MT 11096	Acar Uluslararası Nakiyat	North American African Corporation

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 No. 74002

*Agency For International Development**Loan Numbers*

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	

*Department of Defense**Direct Credit
No.*

721 D
 731 D
 741 D
 751 D

*Financial Guarantees
Credit No.*

752 G
 765 G
 771 G
 772 G
 781 G

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

² *Ibid.*, vol. 781, p. 195.

³ *Ibid.*, vol. 714, p. 165.

ANNEX B

SUMMARY OF CONSOLIDATED DEBT*

(Millions of dollars)

Export-Import Bank	41.2
P.L. 480	1.0
Treasury Transaction No. 74002.....	6.6
Agency for International Development	35.8
Department of Defense	<u>81.4</u>
TOTAL	166.0

* Data are rounded and subject to revision per Article III, Paragraph 3.

ANNEX C

SUMMARY OF NON-CONSOLIDATED DEBT*

(Millions of dollars)

Export-Import Bank	7.3
P.L. 4802
Treasury Transaction No. 74002.....	1.2
Agency for International Development	6.3
Department of Defense	<u>14.4</u>
TOTAL	29.4

* Data are rounded and subject to revision per Article III, Paragraph 3.