

No. 20874

**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 24 October 1980

Authentic text: English.

Registered by the United States of America on 1 March 1982.

**ÉTATS-UNIS D'AMÉRIQUE
et
TURQUIE**

Accord relatif à la consolidation et au rééchelonnement de certaines dettes relatives aux crédits consentis, garantis ou assurés par le Gouvernement des États-Unis ou les agences qui en dépendent (avec annexes). Signé à Ankara le 24 octobre 1980

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 1^{er} mars 1982.

AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA
AND THE REPUBLIC OF TURKEY REGARDING THE CON-
SOLIDATION 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 recommendations contained in the Agreed Minute on the Consolidation of Turkey’s Debts, signed in Paris on July 23, 1980, among representatives of certain nations, including the United States, and agreed to by the representative of Turkey, hereinafter referred to as the “Minute”, the text of which is annexed hereto, 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 five separate agreements (the “Implementing Agreements”), between Turkey and the United States, with respect to PL-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 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 which were due and unpaid as of June 30, 1980, or which will fall due between July 1, 1980, and June 30, 1981, inclusive. “Debt” does not include “Previously Rescheduled Debt”, as defined in paragraph 3 of this article.

3. “Previously Rescheduled Debt” means the sum of principal and interest payable with respect to the rescheduling agreements between the United States and Turkey signed on September 21, 1978,² and December 11, 1979,³ which were due and unpaid as of June 30, 1980, and which will fall due between July 1, 1980, and June 30, 1981, inclusive.

¹ Came into force on 24 November 1980, upon receipt by Turkey of written notice from the United States Government that all necessary legal requirements had been fulfilled, in accordance with article V.

² United Nations, *Treaty Series*, vol. 1170, No. 1-18630.

³ *Ibid.*, vol. 1234, p. 273.

4. “Consolidated Debt” means ninety percent of the dollar amount of the debt described in paragraphs 2 and 3 above. “Non-consolidated Debt” means the remaining ten percent of debt described in paragraphs 2 and 3 above.

5. “Consolidation Period” means the period from July 1, 1980, through June 30, 1981.

6. “Interest” means interest on Debt and Previously Rescheduled Debt. Such Interest shall begin to accrue at the rates set forth in this Agreement on the respective due dates specified in each of the Original Contracts for each scheduled payment of Debt and shall continue to accrue until the Debt is repaid in full. Interest on Previously Rescheduled Debt shall begin to accrue at the rates set forth in this Agreement on the respective due dates specified in each of the rescheduling agreements cited in paragraph 3 above for each payment on Previously Rescheduled Debt and shall continue to accrue until the Previously Rescheduled Debt is repaid in full. “Additional Interest” shall accrue on due but unpaid installments of principal and interest rescheduled pursuant to this Agreement at the same rate until such amounts are paid in full.

7. “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 which was due and unpaid as of June 30, 1980, and which amounts to \$19.4 million shall be repaid in ten equal and successive semi-annual installments of \$1.94 million, commencing on July 1, 1985, with the final installment payable on January 2, 1990.
- (b) The Consolidated Debt relating to Debt described in article II, paragraph 2, above which falls due during the Consolidation Period and which amounts to \$219.8 million shall be repaid in ten equal and successive semi-annual installments of \$21.98 million, commencing on January 2, 1986, with the final installment payable July 1, 1990.
- (c) The Consolidated Debt relating to Previously Rescheduled Debt described in article II, paragraph 3, above which was due and unpaid as of June 30, 1980, and which amounts to \$44.2 million shall be repaid in eight equal and successive semi-annual installments of \$5.525 million, commencing on July 1, 1984, with the final installment payable January 2, 1988.
- (d) The Consolidated Debt related to Previously Rescheduled Debt described in article II, paragraph 3, above which falls due during the Consolidation Period and which amounts to \$53.4 million shall be repaid in eight equal and successive semi-annual installments of \$6.675 million, commencing on January 2, 1985, with the final installment payable July 1, 1988.
- (e) The rate of Interest shall be 3.31 percent per calendar year on the outstanding balance of the Consolidated Debt due to the Agency for International Development, 3.0 percent on the outstanding balance of Consolidated Debt due to the United States with respect to PL-480 agreements, 3 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, 8.75 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 8.25 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, 1981.

- (f) A table summarizing the amounts of the Consolidated Debt owed to 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 which was due and unpaid as of June 30, 1980, and which currently amounts to \$2.2 million shall be repaid in five equal and successive annual installments of \$440 thousand commencing on January 2, 1981, with the final installment payable January 2, 1985.
- (b) The Non-consolidated Debt related to Debt described in article II, paragraph 2, which falls due during the Consolidation Period and which amounts to \$24.4 million shall be repaid in five equal and successive annual installments of \$4.88 million, commencing on July 1, 1981, with the final installment payable July 1, 1985.
- (c) The Non-consolidated Debt related to Previously Rescheduled Debt described in article II, paragraph 3, above which was due and unpaid as of June 30, 1980 and which amounts to \$4.9 million, shall be repaid in four equal and successive annual installments of \$1.225 million, commencing on January 2, 1981, with the final installment payable January 2, 1984.
- (d) The Non-consolidated Debt related to Previously Rescheduled Debt described in article II, paragraph 3, above which falls due during the Consolidation Period and which amounts to \$5.9 million, shall be repaid in four equal and successive annual installments of \$1.475 million, commencing on July 1, 1981, with the final installment payable on July 1, 1984.
- (e) The rate of Interest shall be 3.31 percent per calendar year on the outstanding balance of the Non-consolidated Debt due to the Agency for International Development, 3.0 percent on the outstanding balance of the Non-consolidated Debt due to the United States with respect to PL-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 8.75 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 8.25 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 January 2 and July 1 of each year commencing on January 2, 1981.
- (f) 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, 1981, 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, 782-G, and 791-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 Minute.

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 from the United States Government that all necessary legal requirements for entry into force of this Agreement have been fulfilled.

DONE at Ankara, Turkey, in duplicate, this 24th day of October 1980.

For the United States of America:

[Signed]

JAMES W. SPAIN
Ambassador

For the Republic of Turkey:

[Signed]

NAZIF KOCAYUSUFPASAOGLU
Secretary General of Treasury
and OIEC, Ministry of Finance

ANNEX A

LOAN AGREEMENTS SUBJECT TO RESCHEDULING

Export-Import Bank

Direct Credit No.

4411	E 3808	6143
4514	E 4094	6329
4532	E 4224	6375
4587	4575	6469
4637	5083	21092
4893	5134	21399
5047	5931	21403
6172	6056	21415
E 3827		

Financial Guarantees Credit No.

FG 5048	FG 6057	FG 21400
FG 6330	FG 6376	FG 21404
EFG 3809	FG 21093	FG 21416

Rescheduling Agreements

R-29
R-33

Suppliers Credits

BG-9526	Hema Disli	MP-208/MT-11096	Acar Uluslarasi
MP-210/MT-11023	Rabak Electrolitik	MP-207/MT-10749	Karsu Tekstil

P.L. 480

Agreements Dated:

March 16, 1970	December 5, 1978
January 29, 1971	April 22, 1980
February 6, 1969	

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

Treasury Transaction #74002
#782200
#792200

*Agency for International Development**Loan Numbers*

277-H-043	277-H-060	277-H-092
277-H-074	277-H-062	277-H-094
277-H-093	277-H-063	277-K-095
277-B-001	277-H-066	277-A-096R
277-B-002	277-H-068	277-A-097R
277-B-003	277-H-069	277-B-098R
277-A-020	277-H-070	277-B-099R
277-H-033	277-H-071	277-H-100R
277-H-035	277-H-076	277-H-101R
277-H-036	277-H-077	277-K-102R
277-H-042	277-H-078	277-K-103R
277-H-044	277-H-080	277-K-104
277-H-048	277-H-081	277-K-105
277-H-049A	277-H-082	277-A-106R
277-H-050A	277-H-083	277-A-107R
277-H-051	277-H-084	277-B-108R
277-H-052	277-H-091	277-B-109R
277-H-053	277-H-085	277-H-110R
277-H-054	277-H-086	277-H-111R
277-H-056	277-H-087	277-K-112R
277-H-058	277-H-088	277-K-113R
277-H-059	277-H-089	

*Department of Defense**Loan Numbers*

721 D	771 G	785 D	794 D
731 D	772 G	786 D	795 D
741 D	781 G	787 D	796 D
751 D	791 G	788 D	797 D
752 D	784 D	789 D	782 G
765 D			

ANNEX B

SUMMARY OF CONSOLIDATED DEBT*

(Millions of Dollars)

Export-Import Bank	84.3
PL-480	1.8
Treasury Transaction #724002	11.1
Agency for International Development	64.9
Department of Defense	158.8
TOTAL	320.9

* 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	9.3
PL-480	0.2
Treasury Transaction #724002	1.2
Agency for International Development	7.2
Department of Defense	17.6
TOTAL	35.5

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