

No. 21178

**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. Ankara, 20 July 1981**

Authentic text: English.

*Registered by the United Kingdom of Great Britain and Northern Ireland on 27
July 1982.*

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

**Échange de notes constituant un accord concernant un prêt
du Gouvernement du Royaume-Uni au Gouvernement
turb. Ankara, 20 juillet 1981**

Texte authentique : anglais.

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 27
juillet 1982.*

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE REPUBLIC OF TURKEY CONCERNING A LOAN BY THE GOVERNMENT OF THE UNITED KINGDOM TO THE GOVERNMENT OF TURKEY

I

*Her Majesty's Ambassador at Ankara to the Under-Secretary,
Ministry of Finance of Turkey*

BRITISH EMBASSY
ANKARA

20 July 1981

Your Excellency,

United Kingdom/Turkey Programme Loan 1981

I have the honour to inform you, with reference to the recent discussions between our Governments concerning development assistance, that it is the intention of the Government of the United Kingdom of Great Britain and Northern Ireland to make available to the Government of the Republic of Turkey by way of a loan a sum not exceeding £15,000,000 (fifteen million pounds sterling) (hereinafter referred to as "the loan") for the purchase of certain goods in the United Kingdom, and for certain loan management charges payable to the Crown Agents for Oversea Governments and Administrations (hereinafter referred to as "the Crown Agents").

2. Save to the extent to which my Government notify your Government otherwise in writing, drawings from the loan may be used only to make direct payments in respect of goods of the kind defined in paragraph 3 below. Your Government shall advise the Crown Agents of the authorised signatories for notifying contracts they wish to be financed from the loan, and shall subsequently submit to the Crown Agents copies of such contracts together with the documents specified in paragraph A II of the Procedures and Practices referred to in paragraph 4 below.

3. (i) Subject to the provisions of sub-paragraphs 3(ii) and 3(iii) below, drawings from the loan may be used to make direct payments in respect of goods, wholly produced in and supplied from the United Kingdom, falling into the following categories:

- (a) Raw and semi-finished materials, components, spare parts and other items of a consumable (i.e., non-capital) nature which in the view of my Government are needed to enable capacity utilisation in domestic sectors of production in Turkey to be increased;
- (b) Finished capital goods, such as vehicles, machinery and equipment subject to a maximum of 20 per cent (twenty per cent) of the amount of the loan (£3,000,000—

¹ Came into force on 20 July 1981, the date of the note in reply, in accordance with the provisions of the said notes.

three million pounds sterling). The use of the loan for the purchase of individual capital items, or groups of similar capital items, with a value exceeding £250,000 shall be subject to the prior approval of my Government and any proposals for such use of the loan shall be submitted to the British Embassy, Ankara, which will forward the proposal for appraisal to my Government.

(ii) Drawings from the loan shall not be used to make payments in respect of the following categories of goods:

- (a) Equipment and supplies for the purpose of defence or defence production;
- (b) Imports of luxury and consumer goods, other than essential foodstuffs for further processing; and
- (c) Oil, petroleum and petroleum products.

Drawings from the loan may be used in accordance with sub-paragraph 3(i) above to make direct payments in respect of goods to be used in the manufacture in Turkey of luxury goods, provided that the finished product is intended wholly or principally for export.

(iii) Drawings from the loan shall not be used to make payments in respect of any contract for the supply of pharmaceuticals with a total value of less than £1,000 (one thousand pounds sterling), nor any contract for the supply of other goods with a total value of less than £10,000 (ten thousand pounds sterling).

(iv) Drawings from the loan shall be applied to the loan management charges of the Crown Agents.

4. Drawings from the loan shall be made in accordance with the Procedures and Practices Applicable to the Expenditure of United Kingdom Aid Resources, except that sections AI, AIII, AIV, AV, BIII, BIV, C, D and appendix E and all references to them shall not apply.

5. The loan shall not be used to meet the cost of any taxes, fees, import or customs duties imposed directly or indirectly by your Government on goods provided.

6. Goods shall be shipped and insured in accordance with normal commercial competitive practice.

7. Unless both Governments otherwise agree, the period for the disbursement of this loan shall expire on 31 December 1982.

8. Your Government shall permit my Government's authorised personnel to examine on arrival any goods purchased from the loan or the documents relating to any such goods, and afterwards shall furnish such personnel with any information relating to the use of such goods that they may reasonably require.

9. Your Government shall provide such finance additional to the loan as may be required to complete the approved purchases and to enable the goods purchased to be put to their intended use, and shall ensure that such finance is provided during the same period as the loan.

10. Your Government shall submit to the British Embassy, Ankara, at monthly intervals a statement of all orders approved for payment under the loan, commencing on the 30th day of the month on which the first order is approved and on the 30th day of each subsequent month.

11. Your Government shall repay to the Government of the United Kingdom in pounds sterling in London the total sum borrowed under the loan. The repayments shall 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 need be paid:

INSTALMENTS

<i>Date due</i>	<i>Amount</i>
20 January 1987 and on 20 January in each of the succeeding 19 years	£375,000
20 July 1987 and on 20 July in each of the succeeding 19 years	£375,000

Notwithstanding these provisions, your Government shall be free to repay at any earlier time to my Government in pounds sterling in London any amount of the loan that is outstanding.

12. Your Government shall pay interest, to the Government of the United Kingdom in pounds sterling in London, on drawings from the loan, in accordance with the following provisions:

- (a) The rate of interest in respect of each drawing shall be (6 per cent) six per cent per annum commencing from the draw-down date of the relevant drawing.
- (b) Interest shall be calculated on a day-to-day basis on the balance of the total drawings from the loan for the time being outstanding, after deductions of the total repayments made under paragraph 11 above, the drawings being reduced in chronological order by such repayments for the purposes of the calculations.
- (c) The first payment of accrued interest shall be made on 20 January 1982 and subsequent payments shall be made on 20 July and 20 January in each year, save that if no drawing has been made by 20 January 1982 interest shall only be payable from the 20 January or 20 July next following the first drawing.

13. Your Government shall inform the Government of the United Kingdom not less than three months before the first payment of interest in sterling becomes due under the terms of paragraph 12 of this Note of the name and address of its agent in London through whom payment of interest in sterling shall be made, and at the same time issue a standing authority to its agent to make payment of the amounts of interest in sterling which become due for payment in accordance with paragraph 12 of this Note and are so indicated by the Government of the United Kingdom.

14. Not less than three months before the first payment of principal becomes due under the terms of paragraph 11 of this Note your Government shall issue a standing authority to its agent in London through whom repayments of principal shall be made to make payment of the amounts in sterling and on the dates specified in paragraph 11 and shall at the same time send a copy of the authority to the Government of the United Kingdom.

15. If the foregoing proposals are acceptable to the Government of the Republic of Turkey, I have the honour to propose that the present Note together with Your Excellency's reply in that sense shall constitute an agreement between the Government of the United Kingdom and the Government of the Republic of Turkey which shall enter into force on the date of Your Excellency's reply and which shall be known as the "United Kingdom/Turkey Programme Loan 1981".

I avail myself of this opportunity to convey to Your Excellency the assurance of my highest consideration.

P. H. LAURENCE

II

*The Under-Secretary, Ministry of Finance of Turkey,
to Her Majesty's Ambassador at Ankara*

Ankara, 20 July 1981

Your Excellency

United Kingdom/Turkey Programme Loan 1981

I have the honour to acknowledge receipt of Your Excellency's Note of 20 July 1981 which reads as follows:

[See Note I]

I have the honour to confirm that the foregoing proposals are acceptable to the Government of Turkey and that your Note and this reply constitute an agreement between our two Governments in this matter, which shall enter into force today and shall be known as the "United Kingdom/Turkey Programme Loan 1981".

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

ERTUĞRUL KUMCUOĞLU
