



Treaty Series No. 36 (1938)

AGREEMENT

between His Majesty's Government in the United Kingdom  
and the Government of the Turkish Republic

supplementary to the Agreement of September 2, 1936

regarding

TRADE AND CLEARING

[With Agreed Minute]

London, May 27, 1938

*Presented by the Secretary of State, for Foreign Affairs  
to Parliament by Command of His Majesty*

LONDON

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AGREEMENT BETWEEN HIS MAJESTY'S GOVERNMENT IN THE  
UNITED KINGDOM AND THE GOVERNMENT OF THE  
TURKISH REPUBLIC SUPPLEMENTARY TO THE AGREEMENT  
OF SEPTEMBER 2, 1936, REGARDING TRADE AND CLEARING  
[WITH AGREED MINUTE].

*London, May 27, 1938.*

WHEREAS the Agreement respecting Trade and Clearing signed on the second day of September, nineteen hundred and thirty-six,<sup>(1)</sup> between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Turkish Republic (hereinafter called the "Principal Agreement"), makes provision to facilitate commercial relations between the United Kingdom and Turkey;

And whereas the Contracting Governments desire to supplement the provisions of the Principal Agreement in order to facilitate payments between the United Kingdom and Turkey;

Now, therefore, the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Turkish Republic have agreed as follows:—

ARTICLE 1.

United Kingdom goods to be paid for by deposit in the Special Account and by transfer through Sub-Account A of the Clearing Account in accordance with Articles 7 and 9 (1) (iv) of the Principal Agreement (as amended by Article 5 of this Supplementary Agreement) will be permitted to be imported into Turkey in each period of three months from the first day of July, nineteen hundred and thirty-eight, onwards, for different classes of goods, up to, but not exceeding, the c.i.f. values specified in the Schedule to this Agreement for each class of goods: provided that, if in any such period beginning the first day of July, the first day of October or the first day of January the value of the goods of any class imported into Turkey is less than that specified in the Schedule for goods of that class, the value of the goods of that class which shall be permitted to be imported in the next period of three months shall be increased above the Schedule figure by the amount of this deficiency. In estimating the deficiencies for any period beginning the first day of October or the first day of January, the increases in the values for that period due to a deficiency in the preceding period shall be taken into account.

(<sup>1</sup>) "Treaty Series No. 25 (1936)," Cmd. 5274.

ARTICLE 2.

(1) Any contracts for the export to Turkey of United Kingdom goods, in respect of which a guarantee shall hereafter be given by the Board of Trade acting through the Export Credits Guarantee Department in the United Kingdom (hereinafter called the "Department") in accordance with the provisions of the Agreement signed on the twenty-seventh day of May, nineteen hundred and thirty-eight,<sup>(2)</sup> between the said Department and the Government of the Turkish Republic (hereinafter called the "Guarantee Agreement"), shall contain a condition (the performance of which the Central Bank and the Clearing Office will facilitate) that, unless the arrangements set out in this paragraph for the purchase of Turkish currency are suspended as provided in paragraph (2) of this article, all Turkish currency required to be purchased in connexion with such contracts by the persons in the United Kingdom, parties thereto, shall be obtained by the payment to the Clearing Office of the sterling equivalent of the amount of Turkish currency required, at the rate communicated, in accordance with the provisions of Article 8 (2) of the Principal Agreement, by the Central Bank to the Clearing Office and published in the United Kingdom on the day on which payment is made. The Clearing Office will immediately notify the Central Bank of such payments and allocate them to Sub-Account A of the Clearing Account referred to in Article 9 (1) (ii) of the Principal Agreement (as amended by Article 5 of this Supplementary Agreement). On receipt of notification of such payments the Central Bank will pay to the representatives in Turkey of the contractor in the United Kingdom the amount in Turkish currency.

(2) If at any time it is agreed between the two Contracting Governments that there is no abnormal delay in effecting transfer to persons in the United Kingdom of amounts deposited in the Special Account referred to in Article 7 of the Principal Agreement, the arrangements set out in paragraph (1) for the purchase of Turkish currency shall be suspended until either Contracting Government requests that they should be resumed on the ground of the recurrence of abnormal delay.

ARTICLE 3.

In the Fourth Schedule to the Principal Agreement Item No. 9, "Fresh fruits and vegetables," and part of Item No. 13, "Canned fruits and vegetables," shall be deleted, and in Item No. 30 the words "other than wheat" shall be added after the word "Grains."

ARTICLE 4.

(1) The whole of Article 4 of the Protocol to the Principal Agreement and Article 5 of that Protocol, except the words "This Protocol forms an integral part of the Agreement of this day's date," are deleted.

(<sup>2</sup>)Cmd. 5754.

(2)—(i) Articles 6 and 7 and Articles 9 to 14 of the Principal Agreement (as amended by Articles 5 to 7 of this Supplementary Agreement) shall not apply to debt due in respect of the price of United Kingdom goods exported to Turkey, nor to any negotiable instruments given in respect thereof, in fulfilment of—

(a) the contract signed on the first day of December, nineteen hundred and thirty-six, between Messrs. H. A. Brassert and Company Limited and the Sümer Bank for the erection of an Iron and Steel Plant in Turkey; or

(b) any contracts in respect of which a guarantee shall hereafter be given by the Department in accordance with the provisions of the Guarantee Agreement; or

(c) any of the contracts referred to in Article 1 of the Agreement signed on the twenty-seventh day of May, nineteen hundred and thirty-eight,<sup>(3)</sup> between the Government of the United Kingdom and the Government of the Turkish Republic to facilitate the purchase in the United Kingdom of material necessary for the defence of Turkey (hereinafter called the "Armaments Credit Agreement"), if that Agreement is ratified.

(ii) When Turkish goods of the following classes, namely, metals, mineral ores and concentrates, coal, wheat, timber, fresh fruit and vegetables (other than nuts used as fruit) and canned foods, and of such other classes as may be added subsequently by agreement between the two Contracting Governments in accordance with Article 1 of Part II of the Guarantee Agreement, being classes of goods which have not hitherto been imported from Turkey, are imported into the United Kingdom, Article 6 and Articles 8 to 14 of the Principal Agreement (as amended by Articles 5 to 7 of this Supplementary Agreement) shall not apply to debts due in respect of such goods. The proceeds of their sale shall be paid to the company incorporated in the United Kingdom under the title "Anglo-Turkish Comptoir Limited," so long as it is carrying on business, and thereafter to the company which is to be incorporated in the United Kingdom under the title "Anglo-Turkish Commodities Limited" to act as the successor to the Anglo-Turkish Comptoir Limited. The provisions of this sub-paragraph also apply to raw cotton when consigned direct to the Anglo-Turkish Comptoir Limited or to Anglo-Turkish Commodities Limited, as the case may be.

(iii) There shall also be transferred by the Clearing Office to the Anglo-Turkish Comptoir Limited, so long as it is carrying on business, and thereafter to Anglo-Turkish Commodities Limited the amounts credited to the Clearing Account in respect of Turkish figs and raisins, in excess of £322,000 in any year ending on the thirty-first day of December after nineteen hundred and thirty-eight.

(iv) Subject to the provisions of sub-paragraph (v) below, the receipts of the Anglo-Turkish Comptoir Limited and of Anglo-Turkish Commodities Limited under sub-paragraphs (ii) and (iii) above and

<sup>(3)</sup> Turkey No. 1 (1938), Cmd. 5755.

any other receipts of these companies under the Guarantee Agreement or any Agreement amending or substituted for the Guarantee Agreement shall be employed exclusively for the following purposes :—

(A) For the expenses of the Anglo-Turkish Comptoir Limited, in so far as these have not been defrayed at the date when its assets are transferred to Anglo-Turkish Commodities Limited, and the expenses of the latter company.

(B) For the amounts due in respect of bills issued to Messrs. H. A. Brassert and Company Limited in pursuance of the contract signed between them and the Sümer Bank on the first day of December, nineteen hundred and thirty-six.

(C) For the amounts due in respect of the bills referred to in Part III of the Guarantee Agreement which are endorsed by the Department as therein provided.

(D) For the annuities provided for in the Agreement of the first day of May, nineteen hundred and thirty-five, between the Government of the Turkish Republic and the Aidin Railway Company Limited and those provided for in the Agreement of the ninth day of April, nineteen hundred and thirty-six, between the Government of the Turkish Republic and the Istanbul Telephone Company.

(E) For payments due under the Armaments Credit Agreement, if that Agreement is ratified.

(F) The balance remaining at the end of each period of twelve months (starting with the twelve months beginning on the first day of July, nineteen hundred and thirty-eight), after deduction has been made of the amounts required for the purposes referred to in the preceding sub-paragraphs (A), (B), (C), (D) and (E), as certified by the auditors of the Anglo-Turkish Comptoir Limited or of Anglo-Turkish Commodities Limited, as the case may be, shall within one month after the end of such period be paid to the Clearing Account and shall be allocated as follows :—

- (a) 60 per cent. shall be paid to Sub-Account A.
- (b) 30 per cent. shall be paid to Sub-Account B.
- (c) 10 per cent. will be at the free disposal of the Central Bank, it being understood that it will be used, so far as required, for the purchase of United Kingdom newspapers, periodicals and books, which are not suitable for purchase through the Clearing or by private compensation.

(v) The proceeds of the sale in the United Kingdom of Turkish wheat, imported into the United Kingdom before the first day of January, nineteen hundred and thirty-nine, up to a maximum of £250,000 may be devoted by the Anglo-Turkish Comptoir Limited or Anglo-Turkish Commodities Limited, as the case may be, to financing the purchase of ships in the United Kingdom by Turkish buyers.

(vi) The Government of the Turkish Republic undertake to ensure that the receipts of the Anglo-Turkish Comptoir Limited or Anglo-Turkish Commodities Limited, as the case may be, shall be at all times sufficient to meet the payments referred to in (A), (B), (C), (D) and (E) of sub-paragraph (iv) above, and that Anglo-Turkish Commodities Limited shall not be dissolved, or its statutes altered, save with the consent of the Government of the United Kingdom, until all these payments have been discharged.

#### ARTICLE 5.

As from the first day of October, nineteen hundred and thirty-eight, the following shall be substituted for Article 9 (1) of the Principal Agreement:—

“ All sums credited to the Clearing Account (other than (a) the sums paid by the Anglo-Turkish Comptoir Limited or Anglo-Turkish Commodities Limited, as the case may be, under Article 4 (2) (iv) (F) of this Supplementary Agreement, (b) after the first day of January, nineteen hundred and thirty-nine, the sums which are to be transferred to the Anglo-Turkish Comptoir Limited or Anglo-Turkish Commodities Limited, as the case may be, under Article 4 (2) (iii) of the Supplementary Agreement, and (c) the payments to be allocated to Sub-Account A under Article 2 (i) of the Supplementary Agreement) shall be allocated as follows:—

- (i) 30 per cent. of all sums shall be allocated to a non-interest-bearing Sub-Account B. Amounts standing to the credit of Sub-Account B shall be at the free disposal of the Central Bank.
- (ii) 70 per cent. of all sums other than those referred to in sub-paragraphs (iii), (v), (vi) and (vii) below shall be allocated to a non-interest-bearing Sub-Account A.
- (iii) Of the sums credited in respect of Turkish goods exported to the United Kingdom in accordance with the provisions of Article 12, Article 13 or Article 14 of the Principal Agreement, as amended by the Supplementary Agreement, 10 per cent. shall be allocated to the said Sub-Account A.
- (iv) Amounts standing to the credit of Sub-Account A shall be utilised for the payment of debts in respect of which deposits have been made in the Special Account. Such payment shall be made in chronological order of deposit.
- (v) 60 per cent. of all sums credited in respect of Turkish goods exported to the United Kingdom in accordance with the provisions of Article 12 or Article 13 shall be

allocated to a non-interest-bearing Sub-Account C. Amounts standing to the credit of Sub-Account C shall be utilised as follows :—

- (a) 60 per cent. of the f.o.b. value as shown on the certificate of origin of the Turkish goods exported shall be utilised for payment in respect of goods imported into Turkey from the United Kingdom in execution of the same compensation transaction.
- (b) So much of the balance as represents the difference between the c.i.f. and f.o.b. values shall be transferred to Sub-Account B and any unutilised balance shall be transferred to Sub-Account A.
- (vi) 60 per cent. of all sums credited in respect of Turkish goods exported to the United Kingdom in accordance with the provisions of Article 14 of the Principal Agreement, as amended by Article 7 of the Supplementary Agreement, shall be allocated to a non-interest-bearing Sub-Account D. Amounts standing to the credit of Sub-Account D shall be utilised for making payments to the creditor or creditors in the United Kingdom in respect of deposits and sums eligible for transfer under the said Article 14 as amended. Any balances not required for that purpose shall be transferred to Sub-Account A.
- (vii) 70 per cent. of sums credited in respect of Turkish figs and raisins shall be allocated to a non-interest-bearing Sub-Account E and shall be transferred from day to day to Sub-Account A."

ARTICLE 6.

As from the first day of October, nineteen hundred and thirty-eight, the following shall be substituted for Article 12 (2) of the Principal Agreement :—

"In respect of each transaction under paragraph (1) of this Article, the f.o.b. value of the United Kingdom goods imported into Turkey shall not exceed 60 per cent. of the f.o.b. value, as shown on the certificate of origin, of the Turkish goods imported into the United Kingdom, the balance being transferable, as to 30 per cent. of that value to the Sub-Account B referred to in Article 9 (1) (i) of this Agreement (as amended by Article 5 of the Supplementary Agreement), and as to 10 per cent. of that value to Sub-Account A."

## ARTICLE 7.

As from the first day of October, nineteen hundred and thirty-eight, the following shall be substituted for Article 14 of the Principal Agreement:—

“(1) Any person in the United Kingdom in whose favour a deposit in Turkish pounds has been or may hereafter be deposited in the Special Account referred to in Article 7 (1) of this Agreement or (with the approval of the Contracting Governments in each case) any other person in the United Kingdom who is unable to obtain transfer into sterling of sums standing to his credit in Turkey or owed to him by persons in Turkey shall be permitted to utilise the whole or part of such deposit or sums for the purchase of the Turkish goods included in the Fourth Schedule to this Agreement, as amended by Article 3 of the Supplementary Agreement, and to export such goods to the United Kingdom.

“(2) The sterling proceeds of such goods shall be allocated as follows:—

- (i) 60 per cent. shall be dealt with in accordance with the provisions of Article 9 (1) (vi) of this Agreement, as amended by the Supplementary Agreement;
- (ii) 30 per cent. shall be transferred to Sub-Account B; and
- (iii) the balance of 10 per cent. shall be transferred to Sub-Account A.”

## ARTICLE 8.

(1) The Government of the United Kingdom shall continue to permit the free transfer of sterling into any other currency for the settlement outside the clearing of debts due from persons in the United Kingdom to persons in Turkey in respect of freight and insurance charges arising from the sale on f.o.b. terms of Turkish goods to the United Kingdom.

(2) The Government of the Turkish Republic shall continue to provide sterling for the settlement outside the clearing of debts due from persons in Turkey to persons in the United Kingdom in respect of freight and insurance charges arising from the sale on f.o.b. terms of United Kingdom goods to Turkey.

## ARTICLE 9.

(1) The present Agreement shall come into force on the first day of July, nineteen hundred and thirty-eight, and except where otherwise specified all its provisions come into operation on that date.

(2) After the first day of July, nineteen hundred and thirty-eight, the Principal Agreement shall operate in accordance with its own provisions, subject to the additions and modifications made by this Supplementary Agreement.



(3) If the Principal Agreement (with the additions and modifications made by this Supplementary Agreement) is terminated under Article 18 (2) thereof, this termination shall not affect the provisions of sub-paragraphs (ii) or (vi) of Article 4 (2) of this Supplementary Agreement or of sub-paragraph (iii) thereof, except that the Central Bank shall be substituted for the Clearing Office, or any of the provisions, except (F), of sub-paragraph (iv) of the said Article 4 (2). These provisions shall remain in force until all the payments due under the Agreements referred to in (C) and (E) of the said sub-paragraph (iv) have been discharged and the two Contracting Governments will decide by common agreement in what manner the balance referred to in (F) of the said sub-paragraph (iv) shall be allocated.

In witness whereof the undersigned, duly authorised to that effect, have signed the present Agreement and have affixed thereto their seals.

Done in duplicate in London, in the English language, this twenty-seventh day of May, nineteen hundred and thirty-eight.

A translation shall be made into the Turkish language as soon as possible and agreed upon between the Contracting Governments.

Both texts shall then be considered equally authentic for all purposes.

(L.S.) HALIFAX.

(L.S.) FETHI OKYAR.

(L.S.) M. ERİŞ.



## SCHEDULE.

(See Article 1.)

Number in Turkish Tariff.	Classification in Turkish Tariff.	Turkish Pounds.
98	Merino, mohair, wools of alpaca, llama, vicuna, cashmere, camel or cheviot...	19,600
102	Yarn of wool and hair of all kinds (including knitting or weaving yarn on reels)...	98,300
106	Tissues of pure wool, not elsewhere specified in the tariff, combined or not with other materials ...	25,600
366	Cotton yarns, unbleached, single ...	31,100
370	Cotton yarns, glazed or mercerised, twisted (two or more strands), unbleached, bleached or dyed ...	34,500
371	Cotton yarns made up for retail sale, on wooden reels, in small skeins, on tubes, in balls and other forms (bleached or not, dyed or twisted or not) ...	5,700
372	Cotton yarn for nets, string ...	4,400
377	Cotton tissues, unbleached ...	9,300
378	Cotton tissues, bleached ...	64,500
379	Cotton tissues, piece-dyed, colour woven or printed ...	126,500
417	Tissues, burlap, sacks and manufactures of jute, ramie or other vegetable materials not mentioned in the tariff (natural colour or dyed) ...	15,100
445	Outer covers, inner tubes and tyres of rubber for bicycles, automobiles, carriages and other conveyances (combined or not with other materials) ...	7,100
452	Linoleum and camptulicon for covering floors (in pieces or in the piece) ...	4,700
523	Plates of sheet iron or steel (plain or corrugated) and bands for making hoops or strips...	33,200
555	Copper lames, blades, rods (all sections), plates and sheets ...	6,500
577	Tin and tin alloys ...	43,500
618	Wire telegraph and telephone apparatus and parts, excepting wire, batteries and automatic telephone switchboard frames ...	4,900
651	Motors driven by petroleum, benzine, petroleum derivatives, or by other fuel (except electric motors), portable engines (mounted or not) ...	5,100
666	Machines for millers, kneading machines, machines for making and preparing pastes, confectionery, sausages and other comestibles, ice-making machines, sterilisers, pasteurisers, refrigerators, machines for washing and filling bottles, cranes, machines for roasting and milling, clothes washing and ironing machines, and other machines not elsewhere mentioned in the tariff (mounted or not) ...	7,600
666/2	Mechanical parts for machines and apparatus, of iron, steel and other base metals (combined or not with other materials) not elsewhere mentioned in the tariff	9,000
682	Steam vessels ...	18,700
694	Mineral fuel ...	6,800
695	Liquid mineral fuel and mineral oils (petroleum, schist oil, lignite oil and other mineral oils) ...	4,400

Number in Turkish Tariff.	Classification in Turkish Tariff.	Turkish Pounds
706	Artificial organic colours (obtained with coal tar oil), anilines, alizarines, artificial indigoes and natural	
711	indigoes refined (in any form), and others not specially mentioned in the tariff, and sodium and its salts	32,800
725	Copper salts	5,400
749	Creosote and its salts	29,100
853	Serums, vaccines, chemical and medicinal products, chemico-industrial products and specialities not mentioned in the tariff	6,700
	All other tariff items	114,900
	Total	775,000

AGREED MINUTE.

At the time of signing the Agreement of this day's date, supplementary to the Agreement respecting Trade and Clearing signed on the second day of September, nineteen hundred and thirty-six, the United Kingdom and Turkish Delegations desire to place on record the following:—

(1) With reference to Article 1 of the Supplementary Agreement, it is understood that the provisions of Articles 1 and 4 and of the First and Second Schedules of the Principal Agreement continue to apply as regards the total quantity of the different classes of United Kingdom goods permitted to be imported into Turkey, including (i) those for which payment is to be made by deposit in the Special Account and transfer through Sub-Account A, and (ii) those in respect of which payment is made by means of private compensation transactions under the provisions of Article 12 of the Principal Agreement, as amended by the Supplementary Agreement. Goods imported into Turkey under the contracts referred to in Article 4 (2) (i) of the Supplementary Agreement shall not be counted for the purposes of ascertaining this total quantity.

(2) With reference to Article 4 (2) (iii) and Article 5 (vii) of the Supplementary Agreement, the amount of £225,000 (viz., 70 per cent. of £322,000), which is the maximum to be transferred to Sub-Account A in respect of imports into the United Kingdom of Turkish raisins and figs, represents the amount which would have been payable to that Sub-Account on the basis of the average total imports into the United Kingdom of these Turkish products during the three years nineteen hundred and thirty-five, nineteen hundred and thirty-six, and nineteen hundred and thirty-seven.

HALIFAX.

FETHI OKYAR.

M. ERİŞ.