



Treaty Series No. 123 (1969)

Exchange of Notes
concerning an Interest-free
Development Loan by the Government of
the United Kingdom of Great Britain
and Northern Ireland to the
Government of the Republic of Turkey
(United Kingdom/ Turkey Loan No. 2, 1969)

Ankara, 15 September 1969

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
December 1969*

LONDON
HER MAJESTY'S STATIONERY OFFICE

2s. 0d. [10p] net

EXCHANGE OF NOTES
CONCERNING AN INTEREST-FREE DEVELOPMENT LOAN BY
THE GOVERNMENT OF THE UNITED KINGDOM OF
GREAT BRITAIN AND NORTHERN IRELAND TO THE
GOVERNMENT OF THE REPUBLIC OF TURKEY
(UNITED KINGDOM/TURKEY LOAN No. 2, 1969)

No. 1

The British Chargé d'Affaires ad interim at Ankara to the Secretary-General of the Turkish Department of the Treasury and Organisation for International Economic Co-operation

*British Embassy,
Ankara.*

Your Excellency,

15 September, 1969.

I have the honour to refer to the discussions held at the 23rd meeting of the Turkey Consortium and subsequently in Ankara, concerning development aid from the Government of the United Kingdom of Great Britain and Northern Ireland to the Government of the Republic of Turkey and to inform Your Excellency that the Government of the United Kingdom are prepared to conclude an Agreement with the Government of Turkey on this question. The position of the Government of the United Kingdom with regard to the provision of finance and the commitments of that Government and of the Government of Turkey as regards associated matters shall be as respectively set out in part A and part B below:

- A. The Government of the United Kingdom declare that it is their intention to make available to the Government of Turkey by way of an interest-free loan a sum not exceeding £1,100,000 (one million, one hundred thousand pounds sterling) for the purchase in the United Kingdom of the equipment and services hereinafter mentioned.
- B. (1) The Government of the United Kingdom shall adopt the arrangements and procedures described in the following paragraphs of this Note in so far as they relate to things to be done by or on behalf of that Government. The Government of Turkey shall adopt the arrangements and procedures so described in so far as they relate to things to be done by or on behalf of that Government.
- (2) (a) For the purpose of these arrangements the Government of Turkey shall, by a request in the form set out in Annex A to this Note, open a special account (hereinafter referred to as "the Account") with a bank in London (hereinafter referred to as "the Bank").

The Account shall be operated solely for the purpose of the loan and in accordance with instructions contained in the said request.

- (b) As soon as the Account is opened and before taking any other step required by these arrangements for obtaining any part of the loan, the Government of Turkey shall furnish the Government of the United Kingdom with a copy of its instructions to the Bank given in accordance with the foregoing provisions of this paragraph. The Government of Turkey shall at the same time and so often as any change is made therein, notify the Government of the United Kingdom of the names of the officers who are duly authorised to sign on its behalf the Payment Authorities and Requests for Drawing hereinafter provided and shall furnish a specimen signature in duplicate of each such officer.
- (c) The Government of Turkey shall ensure that the Bank forwards monthly to the Government of the United Kingdom a statement of receipts to and payments from the Account.
- (d) Unless the Government of the United Kingdom otherwise agree payments into the Account shall not be made after the 31st of March 1972.
- (3) Save to the extent (if any) to which the Government of the United Kingdom may otherwise agree drawings from the loan shall be used only:
- (a) for payments under a contract for the purchase in the United Kingdom (which expression in this letter shall be deemed to include the Channel Islands and the Isle of Man) of equipment wholly produced or manufactured in the United Kingdom, or in the case of chemicals and allied products, goods which are duly declared to be of United Kingdom origin on the form set out in Annex C (Chemicals) to this Note, or for work to be done or for services to be rendered by persons ordinarily resident or carrying on business in the United Kingdom or for two or more of such purposes only, being a contract which:
- (i) provides for payment in sterling to persons carrying on business in the United Kingdom; and
- (ii) is approved on behalf of the Government of Turkey and accepted by the Government of the United Kingdom for financing from the loan; and
- (iii) is entered into after the date of this Note and before the 1st of June 1971.
- (b) to reimburse any bank in the United Kingdom for payments made by means of letters of credit which are confirmed, opened or advised after the date of this Note for the purpose of contracts complying with the conditions specified in sub-head (a) of this paragraph.
- (c) for payment of sterling bank charges payable in the United Kingdom to any bank in the United Kingdom in respect of letters of credit referred to in this paragraph.

(4) (a) Where the Government of Turkey proposes that part of the loan shall be applied to a contract; that Government shall ensure that there are forwarded at the earliest opportunity to the Government of the United Kingdom :

(i) a copy of the contract, or of a notification thereof in the form set out in Annex B to this Note; and

(ii) two copies of a certificate from the contractor concerned in the United Kingdom in the form set out in Annex C or Annex C (Chemicals) (whichever is appropriate) to this Note.

(b) The Government of Turkey shall ensure that the Government of the United Kingdom is informed if at any time a contract which has been submitted in accordance with the foregoing provisions of this paragraph is amended or if liability is incurred or is to be incurred thereunder to a greater or lesser amount than the amount specified in the contract certificate and in either of these cases the Government of Turkey shall ensure that there are forwarded as soon as possible to the Government of the United Kingdom the relevant supplementary or revised documents.

(5) (a) After the Government of the United Kingdom has considered the documents forwarded, in respect of any contract in pursuance of the procedure described in the foregoing provisions of this Note and any additional information which it may request from the Government of Turkey for this purpose (and which that Government shall then supply), the Government of the United Kingdom shall notify the Government of Turkey in the form set out in Annex C (i) to this Note whether and to what extent it accepts that a contract is eligible for payment or reimbursement from the loan.

(b) To the extent that the Government of the United Kingdom so accepts a contract and agrees to payment or reimbursement from the Account it shall, on receipt of a request from the Government of Turkey, in the form set out in Annex C (ii) to this Note, giving details of contractual payments made or about to be made, make payments in sterling into the Account and each payment shall constitute a drawing on the loan.

(6) Withdrawals from the Account shall be made only in the manner and subject to the conditions set out in this paragraph :

(a) for payments due under a contract in the cases to which paragraph (3)(a) refers, withdrawals shall be made in accordance with Payment Authorities in the form shown in Annex D hereto duly signed on behalf of the Government of Turkey and countersigned on behalf of the Government of the United Kingdom. Each Payment Authority shall be forwarded in duplicate to the Government of the United Kingdom for counter-signature and shall be accompanied by Payment Certificates from the Contractors concerned in the form shown in Annex E hereto and

the invoices referred to therein for retention by the Government of the United Kingdom; or the invoices only (for retention by the Government of the United Kingdom) relating to contracts in respect of which a Contract Certificate in the form shown in Annex C (Chemicals) hereto has been provided.

- (b) for reimbursement to a bank in the cases to which paragraph (3) (b) refers, withdrawals shall be made only on receipt by the Bank of letters of credit supported by a Payment Certificate from the Contractor in the form shown in Annex E hereto and the invoices referred to therein or the invoices only relating to contracts in respect of which a Contract Certificate in the form shown in Annex C (Chemicals) hereto has been provided; and provided that:
- (i) the amount of reimbursement in respect of any one contract, excluding the sterling bank charges referred to in paragraph (3) (c) above, shall not exceed the amount specified in relation to that contract in the Government of the United Kingdom's notification in the form set out in Annex C (i); and
 - (ii) the Bank shall forward to the Government of the United Kingdom for their retention, the relevant Payment Certificates (where appropriate) and invoices immediately any such reimbursements have been made; and
 - (iii) where the amount shown in paragraph (ii) of a Payment Certificate exceeds the amount specified in paragraph 4 of the Contract Certificate relating to that contract, the Government of Turkey, at the request of the Government of the United Kingdom, shall pay an amount equal to the difference into the Account.
- (c) for payments in the cases to which paragraph (3) (c) refers, the Bank shall debit the Account and inform the Government of the United Kingdom of the amounts so debited and give details of the contract to which each payment relates;
- (d) photocopies or duplicates of invoices may be submitted instead of the originals for the purposes of this paragraph.
- (7) If any monies that have been paid out of the Account are subsequently refunded either by the Contractor or by a guarantor the Government of Turkey shall, so long as there are payments or reimbursements to be made from the Account, pay an equivalent of such sums into the Account and, in any other case, apply the refunds to the reduction of the loan.
- (8) The Government of Turkey shall repay to the Government of the United Kingdom in pounds sterling in London the total sum borrowed under the arrangements set out in this Note, such repayment to be made by instalments paid on the date 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 shall be paid:

INSTALMENTS

<i>Due</i>	<i>Amount</i>
	£
1st April 1972	4,500
1st October 1972	4,500
1st April 1973	9,000
1st October 1973	9,000
1st April 1974	13,500
1st October 1974	13,500
1st April 1975	18,000
1st October 1975	18,000
1st April 1976	22,500
1st October 1976	22,500
1st April 1977 and on the 1st April in each of the succeeding 17 years	27,000
1st October 1977 and on the 1st October in each of the succeeding 16 years	27,000
1st October 1994	20,000

(9) Notwithstanding the provisions of paragraph (8) of this Note, the Government of Turkey shall be free at any earlier time to repay to the Government of the United Kingdom in pounds sterling in London the whole or any part of the loan that is still outstanding.

(10) The Government of Turkey shall ensure that foreign shipping lines, including British lines, will be given the opportunity to compete for the shipping of goods under contracts financed by funds provided under this Agreement and that the choice of vessels for this purpose should be governed by commercial considerations alone.

2. If the foregoing proposals are acceptable to the Government of the Republic of Turkey, I have the honour to suggest that the present Note together with Your Excellency's reply in that sense shall constitute an Agreement between the two Governments which shall enter into force on the date of your reply and the Agreement shall be referred to as the United Kingdom/Turkey Loan No. 2, 1969.

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

JOHN EDMONDS.

ANNEX A

To: The Manager,
..... Bank,
London

Dear Sir,

United Kingdom/Turkey Loan No. 2, 1969

I have to request you on behalf of the Government of Turkey to open an account in the name of the Banque Centrale de la Republique de Turquie as agents of the Government of Turkey to be styled
.....
Account (hereinafter called "the Account").

2. Payments into the Account will be made from time to time by the Ministry of Overseas Development of Her Majesty's Government in the United Kingdom of Great Britain and Northern Ireland (hereinafter called "the Ministry"). It is possible that, as a result of refunds becoming due from Suppliers, payments into the Account will also be made by the Government of Turkey itself.

3. Payments from the Accounts are to be made only in respect of the amounts falling due under contracts described in paragraph B(3) of the United Kingdom/Turkey Loan No. 2, 1969, constituted by Exchange of Notes between the Government of the United Kingdom and the Government of Turkey dated (a copy of which is attached hereto), and in the manner and subject to the conditions described in paragraph B(6) thereof.

4. You will send to the Ministry the Payment Certificates (where appropriate) and invoices mentioned in paragraph B(6) of the said Loan immediately the reimbursement or payment to which they relate has been made.

5. You will debit the Account with the charges referred to in paragraph B(3)(c) of the said Agreement and inform the Ministry of the amounts so debited and supply details of the contract to which each charge relates.

6. You will also send to the Ministry at the end of each month a detailed statement showing all debits and credits to the Account during the month.

7. You will notify the Turkish Embassy in London from time to time the amount required to be drawn from the loan so that the amount so drawn, together with any balance which may be available in the Account, will be sufficient to cover the total value of payments about to be made or made as provided for in paragraph 3 above.

8. Any two of the following persons are jointly authorised to sign Payment Authorities on behalf of the Government of Turkey.

- 1.
- 2.
- 3.
- 4.

Specimens of the signature of each of the above are attached in triplicate.

9. No bank charges and commissions claimed by you in respect of the operation of the account are to be debited to the Account.

10. A copy of this letter has been addressed to the Ministry. Specimen signatures of the officers authorised to countersign Payment Authorities and sign notifications accepting contracts for financing from the loan on behalf of the Ministry will be sent to you direct.

Yours faithfully,

ANNEX B

NOTIFICATION OF CONTRACT

United Kingdom/Turkey Loan No. 2, 1969

To: The Ministry of Overseas Development,
Eland House,
Stag Place,
London, S.W.1.

Notification of Contract No.

The following are details of a contract under which it is proposed that payments shall be made in accordance with the terms and conditions of the above loan.

1. Name and address of United Kingdom Supplier:
2. Date of Contract:
3. Name of Purchaser:
4. Short description of goods and/or works or services:
5. Value of Contract: £
6. Terms of Payment:

.....

Signed on behalf of the Government
of the Republic of Turkey

Date

ANNEX C (CHEMICALS)

United Kingdom/Turkey Loan No. 2, 1969

CONTRACT CERTIFICATE FOR CHEMICAL AND ALLIED PRODUCTS ONLY

1. Date of Contract..... Contract No.

2. Description of Product(s) to be supplied to Purchaser (Note A)	£ Price	United Kingdom Tariff Classification No. (Note B)	Is the product of United Kingdom origin ? (see Note C) State " Yes " or " No "
.....
.....
.....
.....
.....

3. Total [estimated] Contract Price payable by Purchaser in Sterling £

4. (Declaration). I hereby declare that I am employed in the United Kingdom by the Contractor named below and have the authority to sign this certificate, and that the above information is correct.

Signed
 Position held
 Name and Address of Contractor
 Date

NOTES

- A. This form is only to be used for chemical and allied products, most of which are covered by the *appropriate sub-headings* of Chapters 15, 25, 28-35 and 37-40 of the United Kingdom Tariff.
- B. See:
 - (i) Her Majesty's Customs and Excise Tariff, H.M.S.O.
 - (ii) Classification of Chemicals in Brussels Nomenclature, H.M.S.O.
- C.
 - (i) A product is regarded as of " United Kingdom origin " if made *either* wholly from indigenous United Kingdom materials *or* according to the appropriate EFTA qualifying process using imported materials wholly or in part.
 - (ii) The EFTA qualifying processes are set out in Schedule I of the " EFTA Compendium for the Use of Exporters ", H.M.S.O.
 - (iii) For the purpose of this declaration it is to be emphasised that the " alternative percentage criterion " DOES NOT APPLY.
 - (iv) The words " Area Origin " where they appear in the above Schedule must be taken to mean " United Kingdom Origin " only.
 - (v) For the purposes of this declaration, the " Basic Materials List " (Schedule III of the EFTA Compendium) does not apply.
 - (vi) If a qualifying process is not listed for the material in question, advice should be sought from Loans Administration Section, Finance Department, Ministry of Overseas Development, Eland House, Stag Place, London, S.W.1.
- D. For the purpose of this declaration the United Kingdom includes the Channel Islands and the Isle of Man.

ANNEX C

United Kingdom/Turkey Loan No. 2, 1969

CONTRACT CERTIFICATE

Particulars of Contract

1. Date of Contract..... Contract Number.....

	<i>United Kingdom Origin</i>	<i>Non-United Kingdom Origin</i>
2. Description of equip- ment and/or works or services to be supplied to the Purchaser		

	<i>Sterling</i>	<i>Other Currency, if any</i>
3. Total [estimated] con- tract price payable by Purchaser		

	<i>Amount</i>	<i>Description</i>
4. Estimated amounts, if any, paid or to be paid by the Supplier in respect of goods or services of non- United Kingdom origin procured or to be procured and used for the purposes of the Contract		In respect of non-United Kingdom goods and services (a) goods or materials (b) work to be done or or services performed in Purchaser's country (c) know-how (d) Plans, designs and technical documenta- tion (e) other services

5. I hereby declare that I am employed in the United Kingdom by the Supplier named below and I have the authority to sign this certificate. I hereby undertake that in performance of the Contract, no goods or services which are not of United Kingdom origin will be supplied by the Supplier other than those specified in paragraph 4 above.

Signed

Position held

(name and address of Supplier)

Date

Note:

1. For the purposes of this declaration the United Kingdom includes the Channel Islands and the Isle of Man.

2. For chemicals and allied products the certificate at Annex C (Chemicals) should be used.

ANNEX C (i)

United Kingdom/Turkey Loan No. 2, 1969

To:

O.D.M. No.

We are pleased to inform you that we accept
We regret to inform you that we cannot accept
the contract, particulars of which are set out in the copy certificate attached
hereto, as eligible for payment from the above-mentioned loan to the extent
of £

Date

.....
Signed on behalf of the Government
of the United Kingdom of Great
Britain and Northern Ireland

ANNEX C (ii)

United Kingdom/Turkey Loan No. 2, 1969

REQUEST FOR DRAWING

Sums amounting to £..... are expected to fall due within the next two weeks (approximately) under contracts accepted by you under the terms of the above-mentioned loan.

The amount available in the Special Account to meet the above payments is £..... and a further payment into the Account of £..... is hereby requested.

The sum of £..... now requested shall on payment into the Account constitute a drawing on the loan.

Date

.....
Signed on behalf of the Government
of the Republic of Turkey

To: The Ministry of Overseas Development,
Finance Department,
Eland House,
Stag Place,
London, S.W.1.

ANNEX E

United Kingdom/Turkey Loan No. 2, 1969

PAYMENT CERTIFICATE

I hereby certify that

(i) the payments referred to in the invoices listed below, which or copies of which accompany this payment certificate, fall due and are to be made in respect of Contract No. dated between the Supplier named below and [purchaser] and are in accordance with the particulars of this contract notified in the contract certificate signed on behalf of the said contractor on

Contractor's Invoice No.	Date	Amount £	Short description of goods, works and/or services

(ii) there are included in the above-mentioned invoices the following amounts in respect of the non-United Kingdom goods or services specified in paragraph 4 of the contract certificate.

- | | |
|-------|-------|
| (a) £ | (d) £ |
| (b) £ | (e) £ |
| (c) £ | |

(iii) apart from the amount specified in paragraph (ii) all the amounts specified in paragraph (i) are payable in respect of goods and services of United Kingdom origin.

(iv) I have the authority to sign this certificate on behalf of the Supplier named below.

Signed
 Position held
 For and on behalf of
 Name and address of
 Supplier
 Date

Note:

For the purpose of this declaration the United Kingdom includes the Channel Islands and the Isle of Man.

No. 2

*The Secretary-General of the Turkish Department of the Treasury and
Organisation for International Economic Co-operation to the British
Chargé d'Affaires ad interim at Ankara*

*Ministry of Finance,
Ankara.*

Your Excellency,

15 September, 1969.

I have the honour to acknowledge Your Excellency's Note dated 15 September, 1969, which reads as follows:

[As in No. 1]

In reply to the above, I have the honour to inform Your Excellency that the above-mentioned proposals are acceptable to the Government of the Republic of Turkey and that Your Excellency's Note and this reply shall be regarded as constituting an Agreement between the two Governments in this matter.

Please accept, Your Excellency, the assurance of my highest consideration.

KEMAL CANTÜRK.

[Annexes as in No. 1]

Printed in England by Her Majesty's Stationery Office