



Treaty Series No. 21 (1977)

Exchange of Notes

concerning a Development Loan by
the Government of the United Kingdom
of Great Britain and Northern Ireland
to the Government of the Republic of
Turkey in connection with the Gemlik
Ammonia Plant Project

(United Kingdom/Turkey (Gemlik Ammonia Plant) Loan
Agreement 1976)

Ankara, 7 and 30 September 1976

[The Agreement entered into force on 30 September 1976]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
March 1977*

LONDON

HER MAJESTY'S STATIONERY OFFICE

25p net

**EXCHANGE OF NOTES
CONCERNING A DEVELOPMENT LOAN BY THE GOVERNMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN AND
NORTHERN IRELAND TO THE GOVERNMENT OF THE
REPUBLIC OF TURKEY IN CONNECTION WITH THE GEMLIK
AMMONIA PLANT PROJECT**

No. 1

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

*British Embassy,
Ankara.*

Your Excellency,

7 September, 1976.

1. I have the honour to refer to the recent discussions between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Turkey concerning the arrangements and procedures for the provision and repayment of a development loan intended to be made available by the Government of the United Kingdom in connection with the Gemlik Ammonia Plant Project, and to inform Your Excellency that the Government of the United Kingdom are prepared to conclude an Agreement with the Government of Turkey in the matter. 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 set out in the following paragraphs.

2. The Government of the United Kingdom declare that it is their intention to make available to the Government of Turkey by way of a loan a sum not exceeding £4,000,000 (four million pounds sterling) (hereinafter referred to as "the loan") so that the Government of Turkey may provide financial assistance to Azot Sanayii T.A.Ş. (hereinafter referred to as "Azot") to engage Kellogg International Corporation or their subsidiary (hereinafter referred to as "the contractor") by two formal contracts between Azot and the contractor dated 28 November 1975 (hereinafter referred to respectively as the "on-shore contract" and "off-shore contract" or together as "the contracts") to furnish services for the construction of an Ammonia Plant (hereinafter referred to as "the plant") at Gemlik in Turkey.

3. The Government of the United Kingdom shall adopt the arrangements and procedures described in the following paragraphs of this Agreement insofar as they relate to things to be done by or on behalf of or in the control of that Government. The Government of Turkey shall adopt the arrangements and procedures so described insofar as they relate to things to be done by or on behalf of or in the control of that Government.

4. For the purpose of this Agreement the Government of Turkey shall, by a request in the form set out in Annex A of this Agreement, 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 purposes of the loan and in accordance with the instructions contained in the said request.

5. As soon as the Account is opened and before taking any other steps required by these arrangements for obtaining any part of the loan, the Government of Turkey shall furnish the Crown Agents for Overseas Governments and Administrations, 4 Millbank, London SW1P 3JD (hereinafter referred to as "the Crown Agents"), acting on behalf of the Government of the United Kingdom, with a copy of their instructions to the Bank given in accordance with provisions of paragraph 4 above, together with a copy of the contracts.

6. The Government of Turkey shall at the same time and so often as is necessary notify the Crown Agents of the names of the officers who are duly authorised to sign on their behalf the Payment Invoices and Requests for Drawing, as set out in Annexes BI, BII and BIII and C to this Agreement, and shall furnish a specimen signature in duplicate of each such officer.

7. The Government of Turkey shall ensure that the Bank forwards monthly to the Crown Agents a statement of receipts into, and payments from, the Account during the previous month.

8. Unless the Government of the United Kingdom otherwise agree, payment into the Account shall not be made after the 31st of December 1979. However, the Government of Turkey may reasonably request the extension of this period.

9. Six months after the date of the last withdrawal from the Account in accordance with paragraphs 15, 16 and 17 below, any balance remaining in the Account shall be remitted to the Government of the United Kingdom in reduction of the loan.

10. The Government of Turkey shall be responsible for the payment of all bank charges payable in the United Kingdom in respect of the Account.

11. The Government of Turkey shall ensure that the Crown Agents are informed if at any time the contracts which have been submitted in accordance with the provisions of paragraph 5 above are amended, or if liability is to be incurred by Azot thereunder to a greater or lesser amount than the amount specified in the contracts; and in this case the Government of Turkey shall ensure that there are forwarded as soon as possible to the Crown Agents the relevant supplementary or revised documents.

12. The Government of Turkey shall ensure that the contractor performs promptly and in a workmanlike manner the obligations under the on-shore and off-shore contracts.

13. The Government of Turkey shall permit officers of Her Britannic Majesty's Embassy, Ankara, and other servants or agents of the United Kingdom Government, to visit the plant, and shall furnish such officers, servants and agents with such information relating to the project and the progress and financing thereof as they may require.

14. 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 for sterling payments due to the contractor under the contracts, being approved on behalf of the Government of Turkey and accepted by the Government of the United Kingdom for financing from the loan; drawings in respect of the off-shore contract shall not exceed £2,725,500 and in respect of the on-shore contract shall not exceed £1,274,500.

15. Drawings from the loan in respect of the on-shore contract shall be used exclusively for costs incurred by persons ordinarily resident or carrying on business in the United Kingdom and payable in sterling in the United Kingdom. Payment shall exclude import duty, sales tax and other tax as levied directly in Turkey. The sterling costs payable from the loan in respect of the on-shore contract are:

- (a) actual travel expenses as set out in paragraph 5.3.1 of the on-shore contract, including those for the contractors' personnel and their families from their point of origin in the United Kingdom to the plant site or to Ankara and their actual return travel expenses to the United Kingdom including, where appropriate, the expenses of the homeward and returning expenses on annual leave. Such travel expenses to include the cost of transportation plus living expenses during travel and the cost of moving personal effects of such personnel;
- (b) the agreed salaries as set out in paragraph 5.5 of the on-shore contract, including the per diem payments in respect of such personnel including payment of salary during travel, public holidays and the first seven days of each period of sickness.

16. Drawings from the loan in respect of the off-shore contract shall be used exclusively for the following portion of the contractor's Fixed Fee, referred to in paragraph 9.2 of the off-shore contract, paid in accordance with the following schedule of payments.

15 June 1976	...	...	...	...	...	£172,500
15 July 1976	...	...	...	...	...	£172,500
15 August 1976	...	...	...	...	...	£172,500
15 September 1976	...	...	...	...	...	£241,500
15 October 1976	...	...	...	...	...	£241,500
15 November 1976	...	...	...	...	...	£241,500
15 December 1976	...	...	...	...	...	£241,500
15 January 1977	...	...	...	...	...	£172,500
15 February 1977	...	...	...	...	...	£172,500
15 March 1977	...	...	...	...	...	£172,500
15 April 1977	...	...	...	...	...	£172,500
15 May 1977	...	...	...	...	...	£103,500
15 June 1977	...	...	...	...	...	£103,500
15 August 1977	...	...	...	...	...	£172,500
15 January 1978	...	...	...	...	...	£172,500

17. Where the Government of Turkey propose that any expenditure shall be reimbursed from the loan, that Government shall ensure that:

- (a) for payments due under the on-shore contract, withdrawals from the Account shall be made only in accordance with Payment Invoices signed on behalf of the Government of Turkey and supporting documents as shown in Annex BI, BII and BIII to this Agreement. Each Payment Invoice and its accompanying Statements shall be forwarded in duplicate to the Crown Agents. Any additional information which the Crown Agents may request from the Government of Turkey shall then be supplied by or on behalf of that Government and shall be retained by the Crown Agents. For the purposes of this paragraph, photocopies or duplicates may be submitted instead of originals;
- (b) for payments due under the off-shore contract, withdrawals from the Account shall be made only in accordance with the Request for Drawing signed on behalf of the Government of Turkey in the form shown in Annex C to the Agreement. Each Request for Drawing shall be forwarded in duplicate to the Crown Agents and shall be accompanied by invoices from the contractor for each instalment payment. Any additional information which the Crown Agents may request from the Government of Turkey shall then be supplied by or on behalf of that Government and shall be retained by the Crown Agents. For the purposes of this paragraph, photocopies or duplicates may be submitted instead of originals.

18. After the Crown Agents have considered the documents forwarded in respect of payments to be made and any additional information which they may request from the Government of Turkey for this purpose (and which that Government shall then supply), the Crown Agents, to the extent that they accept the requests submitted, shall make payment in sterling into the Account and each such payment shall constitute a drawing on the loan.

19. The Government of Turkey shall ensure the provision of such finance, in Turkish lira or any other currency, additional to the loan finance provided in accordance with the arrangements set out in this Agreement, as may be needed to complete the plant.

20. If any moneys which 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 still payments to be made from the Account, pay an amount equivalent to such refund into the Account and in any other case apply the refunds to the reduction of the loan.

21. 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 Agreement, such repayment to 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 amounts specified for that instalment, only the amount then outstanding shall be paid:

INSTALMENTS

<i>Date due</i>	<i>Amount</i>
1 July 1984 and on the 1 July in each of the succeeding 17 years	£111,200
1 January 1985 and on the 1 January in each of the succeeding 16 years	£111,200
1 January 2002	£108,000

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

- (a) in respect of each drawing the rate of interest shall be 2% (two per cent) per annum;
- (b) interest shall be calculated on a day-to-day basis on the balance of the loan for the time being outstanding;
- (c) the first payment of accrued interest (if any) shall be made on the 1 July 1977 and subsequent payments shall be made thereafter on the 1 January and 1 July in each year.

23. Notwithstanding the provisions of paragraph 21 of this Agreement, 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 then outstanding.

24. Transportation and travel for personnel permitted under this contract shall be arranged in accordance with normal commercial competitive practice and not directed to ships, aircraft or companies of any particular flag or country. Provided payments for these services are made in sterling in the United Kingdom they may be met from the loan.

25. The Government of Turkey shall ensure that Azot performs and observes all its obligations and agreements promptly and efficiently under the off-shore and on-shore contracts.

26. If the foregoing proposals are acceptable to the Government of the Republic of Turkey, I have the honour to propose that the present Agreement and its Annexes, 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 that the Agreement shall be referred to as the United Kingdom/Turkey (Gemlik Ammonia Plant) Loan Agreement 1976.

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

H. PHILLIPS,
Ambassador.

ANNEX A

To: The Manager

.....Bank
London.....

**United Kingdom/Turkey (Gemlik Ammonia Plant Project)
Loan Agreement 1976**

1. I have to request you on behalf of the Government of Turkey to open an Account in the name of Azot Sanayii T.A.Ş., as agents of the Government of Turkey, to be styled the Gemlik Ammonia Plant Project Account (hereinafter called "the Account").

2. Payments into the Account will be made from time to time by the Crown Agents for Overseas Governments and Administrations on behalf of the Government of the United Kingdom of Great Britain and Northern Ireland. It is possible that, as a result of refunds becoming due from the contractor, payments into the Account will also be made by the Government of Turkey itself.

3. Payments from the Account are to be made only in respect of the amounts falling due under the off-shore and on-shore contracts (copies of which are attached hereto), and in the manner and subject to the conditions described in the United Kingdom/Turkey (Gemlik Ammonia Plant Project) Loan Agreement 1976 (a copy of which is attached hereto).

4. You will also send to the Crown Agents at the end of each month a detailed statement showing all debits and credits to the Account during the previous month.

5. You will notify the Turkish Embassy in London monthly 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 18 of the Loan Agreement.

6. Any two of the following persons are authorised jointly to sign the Payment Invoices or Requests for Drawings on behalf of the Government of Turkey.

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

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

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

9. A copy of this letter has been addressed to the Crown Agents. Specimen signatures of the officers authorised to countersign Payment Invoices on behalf of the Crown Agents will be sent to you direct.

Yours faithfully,

ANNEX B (i)

**United Kingdom/Turkey (Gemlik Ammonia Plant Project)
Loan Agreement 1976**

PAYMENT INVOICE

Dear Sir,

You are hereby authorised to make payment of the sum of:

£

from the above-mentioned account in respect of the attached Statements for Services and/or Travel for the month of.....

It is hereby certified that the payments, details of which are set out in the attached Statements, are due in sterling to the Contractor.

Signed on behalf of the Government of the Republic of Turkey

..... Date.....

Countersigned on behalf of the Government of the United Kingdom

..... Date.....

To: The Manager

.....Bank

ANNEX B (ii)

UNITED KINGDOM/TURKEY LOAN (GEMLIK AMMONIA PLANT PROJECT)
LOAN AGREEMENT 1976

TRAVEL

Travel and expenses for the month of.....

Employee's name and, if accompanied, by whom surname, initials	Date of travel place of departure and arrival	Accommodation, etc., en route	Cost of travel in sterling	Cost of accommodation in sterling	Totals	Signature below certifies that statements recorded are correct

6

I hereby declare that the employees named above are ordinarily resident in the United Kingdom.

Total

Certified on behalf of
Kellogg International Corp.

Approved on behalf of
Azot Sanayii T.A.Ş.

Date

Date

ANNEX C

United Kingdom/Turkey (Gemlik Ammonia Plant Project)
Loan Agreement 1976

REQUEST FOR DRAWING

Sums amounting to £ are expected to fall due within the next week (approximately) under the Contracts being financed under the terms of the above-mentioned loan.

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

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

.....

Signed on behalf of the
Government of the Republic of Turkey

Date

To: The Crown Agents for Oversea Governments and Administrations

No. 2

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

Ankara.

Your Excellency,

30 September, 1976.

I have the honour to acknowledge Your Note dated September 7, 1976 which reads as follows:

[As in No. 1]

In reply to the above, I have the honour to inform you that the above-mentioned proposals are acceptable to the Government of the Republic of Turkey who agrees that Your Note and its annexes together with this reply shall constitute an Agreement between the two Governments in this matter which shall enter into force on this day's date and shall be referred to as the United Kingdom/Turkey (Gemlik Ammonia Plant) Loan Agreement 1976.

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

ASAF GÜVEN,

*Secretary-General of the
Treasury and OIEC,
Ministry of Finance.*

[Annexes as in No. 1]

Printed in England by Her Majesty's Stationery Office

20935—197 3173231 Dd 292061 K12 3/77

ISBN 0 10 167380 9