



Treaty Series No. 25 (1954)

Exchanges of Notes

between the Government of the
United Kingdom of Great Britain and Northern Ireland
and the Turkish Government

constituting an agreement regarding the
repayment of certain credits granted to
Turkey relating to armaments

Ankara, February 11, 1954

*Presented by the Secretary of State for Foreign Affairs to Parliament
by Command of Her Majesty
April 1954*

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EXCHANGES OF NOTES BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE TURKISH GOVERNMENT CONSTITUTING AN AGREEMENT REGARDING THE REPAYMENT OF CERTAIN CREDITS GRANTED TO TURKEY RELATING TO ARMAMENTS

Ankara, February 11, 1954

No. 1 (a)

Her Majesty's Ambassador at Ankara to the Turkish Minister of Finance

British Embassy,

Excellency,

Ankara, February 11, 1954.

I have the honour to inform your Excellency that, in accordance with the *Accord de Principe* signed at Ankara on the 7th August, 1953⁽¹⁾, between the representatives of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Turkish Republic, aiming at the full and final settlement of the debts stated below, an Agreement has now been reached the terms of which are as follows :—

- (1) The Turkish Government undertake to pay to the Government of the United Kingdom, in Turkish currency, in seven equal annual instalments amounting to £1,071,428 11s. 5d. each, the sum of £7,500,000 (seven million five hundred thousand) sterling in full and final settlement of (a) the £6,000,000 sterling armaments credits given in accordance with the provisions of the Agreement between His Majesty's Government in the United Kingdom and the Government of the Turkish Republic signed at London on the 27th May, 1938⁽²⁾; (b) the £25,000,000 sterling credit given in accordance with the provisions of the "Special Agreement" between the Government of the French Republic, the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Turkish Republic signed at Ankara on the 19th October, 1939⁽³⁾; (c) any and all advances made over and above the amounts stipulated in the above-mentioned Agreements; (d) all debts incumbent on the Turkish Government as a result of the application of the decisions taken at the conversations held at Adana on the 31st January, 1943, and (e) all debts deriving from the supply of various materials, services performed, installations and transport paid for by the Government of the United Kingdom and/or government departments supplementary to the above credits.
- (2) The Government of the United Kingdom, in consideration of the payment by the Turkish Government of the Turkish lira equivalent of the above-mentioned £7,500,000 sterling, renounce all the credits and debts specified at (a) to (e) in paragraph (1) above and all claims pertaining to these credits and debts and give full discharge to the Turkish Government in respect of the latter's obligations deriving from these credits and claims.

(1) See Appendix.

(2) "Treaty Series No. 49 (1939)," Cmd. 6119.

(3) "Treaty Series No. 4 (1940)," Cmd. 6165.

- (3) The above-mentioned annual instalments of £1,071,428 11s. 5d. shall be converted into Turkish liras at the buying rate of exchange applied by the Central Bank of the Turkish Republic to the pound sterling on the day preceding the date on which each instalment becomes due and paid into an account that will be opened in the Central Bank of the Turkish Republic in the name of the Government of the United Kingdom. The first instalment will be paid on the 10th March, 1954, and the subsequent instalments shall become due on the same date in each subsequent year.
- (4) The Turkish liras deriving from the aforementioned annual instalments may be used freely for the purchase of any kind of Turkish products intended for internal consumption in the United Kingdom, and they will be freely accepted for such purchases to be effected either by the Government of the United Kingdom or by private traders resident in the United Kingdom.

I have the honour to confirm that Her Majesty's Government in the United Kingdom assent to these terms and to propose that, if they are likewise acceptable to the Turkish Government, this Note and your Excellency's reply to that effect shall be regarded as constituting an Agreement between the two Governments, which shall take effect on this day's date.

I have, &c.
JAMES BOWKER.

No. 1 (b)

The Turkish Minister of Finance to Her Majesty's Ambassador at Ankara
 Excellency. *Ankara, February 11, 1954.*

I have the honour to acknowledge receipt of your Excellency's Note of the 11th February, as follows:—

[As in No. 1 (a).]

I have the honour to inform your Excellency that the Government of the Turkish Republic agree with the above.

Please accept, &c.
H. POLATKAN,
Minister of Finance.

No. 2 (a)

Her Majesty's Ambassador at Ankara to the Turkish Minister of Finance
 Excellency. *British Embassy,*
Ankara, February 11, 1954.

With reference to the Notes exchanged to-day between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Turkish Republic, for the settlement of the outstanding liabilities of the Turkish Government towards the Government of the United Kingdom, I have the honour to inform your Excellency that the Government of the United Kingdom agree to give full discharge to the Government of the Turkish Republic of all their obligations to Vickers-Armstrongs Limited (and to all other claimants in the United Kingdom, if there are any) deriving

from contracts concluded within the framework of the arrangements mentioned in the first paragraph of the aforementioned Notes, namely: (a) the £6,000,000 sterling armaments credits given in accordance with the provisions of the Agreement between His Majesty's Government in the United Kingdom and the Government of the Turkish Republic signed at London on the 27th May, 1938; (b) the £25,000,000 sterling credit given in accordance with the provisions of the "Special Agreement" between the Government of the French Republic, the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Turkish Republic signed at Ankara on the 19th October, 1939; (c) any and all advances made over and above the amounts stipulated in the above-mentioned Agreements; (d) all debts incumbent on the Turkish Government as a result of the application of the decisions taken at the conversations held at Adana on the 31st January, 1943; and (e) all debts deriving from the supply of various materials, services performed, installations and transport paid for by the Government of the United Kingdom and/or government departments supplementary to the above credits.

The Government of the United Kingdom will conclude an Agreement with Vickers-Armstrongs Limited, and with other claimants if there are any, in order to determine the amounts which are owing to them, and the Government of the United Kingdom will inform the Government of the Turkish Republic of the amounts due to the above-mentioned company and to the other claimants, if any.

The Turkish Government will deduct these amounts from the £1,071,428 11s. 5d. annual instalment payable to the Government of the United Kingdom following the receipt of the above information, will convert them into Turkish liras on the basis laid down in paragraph (3) of the Notes above referred to, and will pay them in Turkish liras into the account of those entitled in the Central Bank of the Turkish Republic on the day the above instalment becomes due.

Thus the amounts to be paid to the Government of the United Kingdom will consist of the balance remaining after deduction of the amounts paid to Vickers-Armstrongs Limited and any other claimants concerned.

The Turkish liras paid into the accounts of Vickers-Armstrongs Limited, and of other claimants if any, with the Central Bank of the Turkish Republic, may be used in accordance with the terms laid down in paragraph (4) of the said Notes.

The Government of the Turkish Republic, in consideration of the discharge mentioned in the first paragraph of this Note, agree not to put forward any claims against Vickers-Armstrongs Limited in connexion with contracts concluded within the framework of the credits and debts mentioned in the first paragraph of this Note, and agree to abandon to the Company the materials in the possession of the Company in the United Kingdom, and agree to return to the Ottoman Bank in London, within one month at the latest from the date of exchange of the present Notes, the Bank's Letters of Guarantee No. 9 for £13,911 0s. 0d., No. 10 for £16,881 0s. 0d., and No. G767 for £10,000 0s. 0d. which were issued in connexion with the above-mentioned contracts.

If the foregoing provisions are acceptable to the Turkish Government, I have the honour to suggest that the present Note and your Excellency's reply to that effect shall be regarded as constituting an Agreement between the two Governments, which shall enter into effect on this day's date and shall be deemed to form an integral part of the Agreement constituted by the aforementioned Exchange of Notes.

I have, &c.

JAMES BOWKER.

(Translation)

Conversations about the complete and final liquidation of the debts indicated below have resulted in an agreement in principle on the following basis:—

(1) The Turkish Government will pay the Government of the United Kingdom, in settlement of the credits granted to them by virtue of the £6 million sterling Armaments credit of 1938, the £25 million sterling Agreement of 1939—including extension of these credits—and as a result of the talks which took place at Adana on January 31, 1943, a total amount of £7,500,000 payable in Turkish liras free of interest over seven years in seven equal instalments, each instalment amounting to £1,071,428 11s. 5d.

In consideration of the above-mentioned payment of £7·5 million, the Government of the United Kingdom renounce the credits referred to above as well as all claims relating to them and discharge the Turkish Government of all obligations arising from these credits and claims.

(2) The above-mentioned annual instalments shall be converted into Turkish liras on the basis of the buying rate of exchange, quoted by the Central Bank of the Turkish Republic on the day preceding the date on which the instalment becomes due. The payment of the first instalment will be made on the 10th of March, 1954, and the subsequent instalments will become due on the same date in subsequent years.

It is agreed that the Turkish liras resulting from these seven annual instalments shall be paid into an account at the Central Bank of the Turkish Republic opened in the name of the Government of the United Kingdom, and shall be freely available for the purchase of Turkish goods of all kinds destined for consumption within the United Kingdom. They will be freely accepted in payment of such purchases whether these be effected by Her Majesty's Government or by private firms resident in the United Kingdom.

It is also agreed that the above provisions shall be incorporated as soon as possible in a formal agreement.

Done and signed at Ankara in two copies on the 7th August, 1953.

The Minister of Finance of the
Turkish Republic:
H. POLATKAN.

Her Britannic Majesty's
Ambassador:
A. K. HELM.

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The Turkish Minister of Finance to Her Majesty's Ambassador at Ankara

Excellency,

Ankara, February 11, 1954.

I have the honour to acknowledge receipt of your Excellency's Note of the 11th February, as follows:—

[As in No. 2 (a).]

I have the honour to inform your Excellency that the Government of the Turkish Republic agree with the above.

Please accept, &c.

H. POLATKAN,
Minister of Finance.

APPENDIX

Accord de Principe

Les conversations relatives à la liquidation complète et définitive des dettes ci-dessous indiquées ont abouti à l'accord de principe suivant :

(1) Le Gouvernement Turc payera au Gouvernement du Royaume-Uni, en règlement des créances à sa charge en vertu de l'accord de crédit d'armement de 1938 à six millions, et de l'accord 1939 à vingt-cinq millions de livres sterling—dépassements des crédits compris—et des conversations faites le 31 janvier 1943 à Adana, la somme totale de £7,5 millions payable en livres turques sans intérêt en 7 ans et en 7 annuités égales, chaque annuité étant de la sorte £1.071.428-11-5.

En considération dudit paiement de £7,5 m., le Gouvernement du Royaume-Uni, renonçant à toutes les créances ci-haut mentionnées ainsi qu'à toutes revendications y relatives, libère le Gouvernement Turc de toutes obligations résultant de ces créances et revendications.

(2) Les annuités ci-haut mentionnées doivent être converties en livres turques sur base du cours pratiqué à la veille de chaque échéance à l'achat de sterling par la Banque Centrale de la République de Turquie. Le paiement de la première annuité sera fait le 10 mars 1954 et les annuités suivantes écherront à la même date des années suivantes.

Il est convenu que les livres turques provenant de ces sept annuités et versées à un compte ouvert au nom du Gouvernement du Royaume-Uni auprès de la Banque Centrale de la République de Turquie pourront être librement utilisées pour l'achat de produits turcs de toutes natures, destinés à la consommation intérieure du Royaume-Uni, et qu'elles seront librement acceptées en paiement de tels achats, soit que ceux-ci soient effectués par le Gouvernement de Sa Majesté ou par des commerçants privés résidant au Royaume-Uni.

Il est également convenu que les stipulations ci-dessus seront incorporées le plus tôt possible dans un accord formel.

Fait et signé à Ankara en deux exemplaires le 7 août 1953.

Le Ministre des Finances de la
République de Turquie :
H. POLATKAN.

L'Ambassadeur de Sa Majesté
Britannique :
A. K. HELM.