

TURKEY



Treaty Series No. 3 (1967)

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

Ankara, 29 June 1966

[The Agreement entered into force on signature]

*Presented to Parliament by the Secretary of State for Foreign Affairs
by Command of Her Majesty
January 1967*

LONDON

HER MAJESTY'S STATIONERY OFFICE

PRICE 1s. 6d. NET

Cmnd. 3177

**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**

No. 1

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

*British Embassy,
Ankara,*

29 June, 1966.

Your Excellency,

I have the honour to refer to the recent discussions 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 Turkish Government in the following terms:

- (1) The Government of the United Kingdom acting by the Ministry of Overseas Development (hereinafter referred to as "the Ministry") shall provide finance to the Government of Turkey by way of an interest-free loan amounting to £3,000,000 (three million pounds) sterling for the purpose hereinafter mentioned.
- (2) The Government of the United Kingdom shall adopt the procedure described in the following sub-paragraphs of this Note in so far as it relates to things to be done by or on behalf of that Government. The Government of Turkey shall adopt the procedure so described in so far as it relates to things to be done by or on behalf of that Government.
- (3) 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 in accordance with the instructions contained in the said request.
- (4) Unless and to the extent only that the Ministry otherwise agree in writing the Account shall be used only:
 - (a) for payments to a Supplier, including payments made by the Bank in accordance with such letters of credit as are hereinafter referred to, due under a contract which:
 - (i) provides for payment in sterling to persons carrying on business in the United Kingdom, the Channel Islands or the Isle of Man;
 - (ii) is a contract entered into after the date of this Note and before the 31st December, 1967; and
 - (iii) is such a contract for the purchase of capital or quasi-capital equipment wholly produced or manufactured in the United

Kingdom, the Channel Islands or the Isle of Man, or for work to be done or services to be rendered by persons ordinarily resident or carrying on business in the United Kingdom, the Channel Islands or the Isle of Man, as the Government of Turkey and the Ministry may from time to time agree;

- (b) to reimburse the Bank for payments made by the Bank after the date of this Note in accordance with letters of credit which are confirmed, opened or advised by the Bank for the purpose of contracts complying with the conditions specified in sub-paragraph (4) (a) above provided that the approval in writing of the Ministry is endorsed on the letter of credit or the instructions and any subsequent amendment thereof for the confirming, opening or advising of the letter of credit;
 - (c) for payment of sterling bank charges payable in the United Kingdom in respect of letters of credit referred to in this sub-paragraph.
- (5) The Government of Turkey shall as soon as possible forward or ensure that there is forwarded to the Ministry in the case of each contract in respect of which it wishes payments or reimbursements to be made from the Account:
- (a) one copy of the contract, or of a notification in the form set out in Annex B to this Note; and
 - (b) two copies of a certificate from the Supplier concerned in the form set out in Annex C to this Note.

The Government of Turkey shall inform the Ministry if at any time a contract (being a contract in respect of which such documents have been forwarded and in respect of which approval has been given or is pending) 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 as soon as possible forward to the Ministry the relevant supplementary or revised documents.

- (6) After the Ministry has considered the documents forwarded, in respect of any contract, by the Government of Turkey in pursuance of the procedure described in the foregoing provisions of this Note and any additional information which it may request from that Government for this purpose (and which that Government shall then supply), the Ministry shall notify that Government in the form set out in Annex C (i) to this Note whether and to what extent it approves the contract for the purposes of the loan and agrees that payments or reimbursements may accordingly be made from the Account. To the extent that the Ministry so approves a contract 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 due and about to be made, make payments in sterling into the Account. Each such payment shall constitute a drawing on the loan. Unless the Ministry otherwise agree in writing no payments shall be made into the Account after the 30th June, 1968.

- (7) Withdrawals from the Account shall be made only in respect of the payments and reimbursements referred to in sub-paragraph (4) above and in the manner and subject to the conditions hereafter set out in this sub-paragraph:
- (a) In the case of payments to a Supplier by the Bank in accordance with letters of credit approved by the Ministry, withdrawals shall be made only on receipt by the Bank of a Payment Certificate from the Supplier in the form shown in Annex E hereto and the invoices referred to therein.
 - (b) In the case of other payments to a Supplier, 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 forwarded to the Ministry for counter-signature and accompanied by a Payment Certificate from the Supplier in the form shown in Annex E hereto and the invoices referred to therein. If the Ministry is satisfied on perusal of the invoices and Certificates that the payments listed on the Payments Authority are chargeable to the Account the Ministry shall counter-sign the Payment Authority and forward it to the Bank.
 - (c) In the case of reimbursements to the Bank for payments that it has made to a United Kingdom, Channel Islands or Manx Supplier in accordance with letters of credit approved by the Ministry, withdrawals shall be made from the Account by the Bank if, in respect of those payments, it has received a Payment Certificate from the Supplier in the form shown in Annex E hereto and the invoices referred to therein.
 - (d) (i) The amount of payment or reimbursement in respect of any one contract, excluding the sterling bank charges referred to in sub-paragraph (4) (c) above, shall not exceed the amount specified in relation to that contract in the notification in the form set out in Annex C (i).
 - (ii) The Bank shall forward to the Ministry the relevant Payment Certificates and invoices mentioned in sub-paragraph 7 (a) and 7 (c) above immediately any such payments or reimbursements have been made.
 - (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 the contract concerned, the Government of Turkey, at the request of the Ministry, shall pay into the Account an amount equal to the difference.
 - (e) Photocopies or duplicates of invoices may be submitted instead of the originals for the purposes of this paragraph.
- (8) Before the first document is forwarded to the Ministry in accordance with sub-paragraph (5) above the Government of Turkey shall furnish the Ministry with a copy of the Government's instructions to the Bank given in accordance with sub-paragraph (3) above to open and operate the Account; and also notify the Ministry of the names of the officers who are duly authorised to sign the Payment Authorities on its behalf and furnish specimen signatures in duplicate of each such officer.

- (9) If any monies that have been paid out of the Account are subsequently refunded either by the Supplier or by a guarantor the Government of Turkey shall pay into the Account a sum equal to the monies so refunded.
- (10) The Bank shall forward monthly to the Ministry a statement of receipts to and payments from the Account.
- (11) The Government of Turkey shall repay to the Ministry in pounds sterling the total sum borrowed as envisaged by this Note, such repayment to be made by instalments paid on the dates specified below and amounting to the sums respectively specified in relation to those dates, so, however, that if, on the date when any such instalment is due to be paid, there is then outstanding less than the amount specified in relation to that date only the amount then outstanding shall be paid:

<i>Instalments</i>				
<i>Due</i>				<i>Amount</i>
				£
31st January 1969	...	...	...	12,200
31st July 1969	...	...	...	12,200
31st January 1970	...	...	...	24,400
31st July 1970	...	...	...	24,400
31st January 1971	...	...	...	36,600
31st July 1971	...	...	...	36,600
31st January 1972	...	...	...	48,800
31st July 1972	...	...	...	48,800
31st January 1973	...	...	...	61,000
31st July 1973	...	...	...	61,000
31st January 1974	...	...	...	73,200
and on the 31st January in each of the succeeding 17 years	...	...	...	73,200
31st July 1974	...	...	...	73,200
and on the 31st July in each of the succeeding 16 years	...	...	...	73,200
31st July 1991	...	...	...	72,000

- (12) Notwithstanding the provisions of sub-paragraph (11) of this Note, the Government of Turkey shall be free at any time to repay to the Ministry in pounds sterling the whole or any part of the loan that is still outstanding.
- (13) 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 when Turkish vessels are used this will be solely on commercial grounds.

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, 1966.

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

Her Majesty's Ambassador
for and on behalf of the
Government of the United Kingdom

DENIS ALLEN

ANNEX A

To: The Manager

.....Bank,
London,

Dear Sir,

UNITED KINGDOM/TURKEY LOAN 1966

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 Account are to be made from time to time only

- (i) against Payment Authorities in form marked D attached hereto duly signed on behalf of the Government of Turkey and counter-signed on behalf of the Ministry; or
- (ii) by withdrawal from the Account by you in respect of a payment that you have made or are about to make under any Letter of Credit which, or the instructions and any subsequent amendments to such instructions for the confirming, opening or advising of which, has or have been endorsed with the approval of the Ministry, and in respect of which you have received a Payment Certificate in the form marked E attached hereto, duly signed by the Supplier and accompanied by the invoices therein referred to; or
- (iii) to meet sterling bank charges payable in the United Kingdom in respect of any letters of credit referred to above.

4. You will send to the Ministry the Payment Certificates and invoices mentioned in paragraph 3(ii) above immediately you have made the reimbursement or payment to which they relate.

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

6. 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 fall due and be made under Payment Authorities duly signed on behalf of the Government of Turkey and countersigned on behalf of the Ministry and to meet payments made or about to be made under the Letters of Credit the instructions for confirming, opening or advising of which have been duly countersigned on behalf of the Ministry as provided for in paragraph 3 above.

7. 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.

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 Ministry. Specimen signatures of the officers authorised to countersign Payment Authorities and instructions for confirming, opening or advising of Letters of Credit on behalf of the Ministry will be sent to you direct.

Yours faithfully,

ANNEX B

**NOTIFICATION OF CONTRACT
UNITED KINGDOM/TURKEY LOAN 1966**

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.....

UNITED KINGDOM/TURKEY LOAN 1966

CONTRACT CERTIFICATE

Particulars of Contract

1. Date of Contract	Contract Number	
2. Description of goods, works and services to be supplied to the Purchaser	<i>United Kingdom Origin</i>	<i>Non-United Kingdom Origin</i>
3. Total [estimated] contract price payable by Purchaser	<i>Sterling</i>	<i>Other Currency, if any</i>
4. Estimated amounts, if any, to be paid to the Supplier in respect of goods or services of non-United Kingdom origin procured by the Supplier 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 services performed in Purchaser's country (c) know-how (d) plans, designs and technical documentation (e) other services	<i>Amount Description</i>
5. I hereby declare that I have the authority to sign this certificate on behalf of the Supplier named below. 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.....		
For and on behalf of.....		
(name and address of..... Supplier)		
Date.....		

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

UNITED KINGDOM/TURKEY LOAN 1966

To:

We are pleased to inform you that we agree

We regret to inform you that we cannot agree

that payments can be made out of the Account in respect of the contract, particulars of which are set out in the certificate attached hereto to the extent of £

Date.....

.....
Signed on behalf of the Ministry
of Overseas Development

ANNEX C (ii)

UNITED KINGDOM/TURKEY LOAN 1966
REQUEST FOR DRAWING

The following payments are expected to fall due under contracts approved under the terms of the above-mentioned loan:

Name and address of beneficiary	Contract No.	Date payment is due	Amount £

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.

UNITED KINGDOM/TURKEY LOAN 1966

PAYMENT AUTHORITY

Serial No:

Dear Sir,

Account

You are hereby authorised to make the following payments from the above-mentioned Account in respect of the attached invoices:

Name and Address of Supplier	Contract No./ Reference	Payments	
		Invoice No.	Amount
			£ s. d.

It is hereby certificated that the above-mentioned payments are due in sterling to the Suppliers named above under the contracts specified against the name of the relevant Supplier who is carrying on business in the United Kingdom.

Signed on behalf of the Government of the Republic of Turkey

.....
.....

Date.....

Countersigned on behalf of the Ministry of Overseas Development

.....
.....

Date.....

To: The Manager,

.....Bank,

London,

UNITED KINGDOM/TURKEY LOAN, 1966
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	Name and Address of Supplier	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) £
 (b) £
 (c) £
 (d) £
 (e) £

- (iii) apart from the amounts 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 Turkish Minister of Finance to Her Majesty's Ambassador at Ankara

Your Excellency,

Ankara, 29 June, 1966.

I have the honour to acknowledge Your Excellency's Note dated 29th June, 1966, 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.

IHSAN GURSAN
Minister of Finance

[Annexes A to E as attached to No. 1]

Printed in England and published by
HER MAJESTY'S STATIONERY OFFICE