



Treaty Series No. 51 (1971)

Exchange of Notes
concerning a 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 (Fertiliser Plant) Loan
Agreement 1971)

Ankara, 27 April 1971

[The Agreement entered into force on 27 April 1971]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
September 1971*

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**EXCHANGE OF NOTES
CONCERNING A 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 Minister of Finance of Turkey

*British Embassy,
Ankara.*

27 April, 1971.

Your Excellency,

I have the honour to refer to 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 in connection with a project to construct fertiliser plants at Iskenderun and Yarimca and to inform Your Excellency that the Government of the United Kingdom are prepared to conclude an Agreement with the Turkish Government on this question. The Government of the United Kingdom propose that the position of that Government 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 a loan a sum not exceeding £6,700,000 (six million seven hundred thousand pounds sterling) so that the latter may provide financial assistance to Gübre Fabrikalari towards the cost of constructing fertiliser plants and associated works at Iskenderun and Yarimca, Turkey (hereinafter referred to as "the Project").
- 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 purposes 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 purposes of the loan and in accordance with the 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 their instructions to the Bank given in accordance with the provisions of sub-paragraph (a) of

this paragraph. The Government of Turkey shall at the same time and so often as is necessary notify the Government of the United Kingdom of the names of the officers who are duly authorised to sign on their behalf the Requests for Drawing and Payment Authorities in the forms set out in Annexes D and E to this Note and shall furnish a specimen signature in duplicate of each such officer.

- (c) The Government of Turkey shall ensure that the Bank forwards to the Government of the United Kingdom monthly a statement of payments into and from the Account.
 - (d) Unless the Government of the United Kingdom otherwise agree, payments into the Account shall not be made after the 31st December, 1973.
- (3) Save to the extent to which the Government of the United Kingdom may otherwise agree, drawings from the loan shall be used only for payments required for the Project arising out of a preliminary agreement dated the 6th July, 1970 between Gübre Fabrikalari and Woodall Duckham Ltd., Crawley (hereinafter referred to as "the Contractor") for the purchase in the United Kingdom (which expression in this Note shall be deemed to include the Channel Islands and the Isle of Man) of equipment wholly produced or manufactured in the United Kingdom 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, being payments which:
- (a) under a final contract concluded in pursuance of the said preliminary agreement are due in sterling to the Contractor; and
 - (b) are approved on behalf of the Government of Turkey and accepted by the Government of the United Kingdom for the financing from the loan.
- (4) (a) The Government of Turkey shall ensure that there are forwarded at the earliest opportunity to the Government of the United Kingdom:
- (i) a copy of the final contract; and
 - (ii) two copies of a certificate from the Contractor in the form set out in Annex B or Annex B (Chemicals) (whichever is appropriate) to this Note.
- (b) The Government of Turkey shall ensure that the Government of the United Kingdom are informed if at any time the Project or the Contract 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 relevant documents forwarded in accordance with the foregoing provisions; and in any 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 have considered the documents forwarded in accordance with the procedure described in the foregoing provisions of this Note and any additional

information which they request from the Government of Turkey for this purpose (and which shall then be supplied by or on behalf of that Government), the Government of the United Kingdom shall notify the Government of Turkey in the form set out in Annex C to this Note to what extent they accept that payments under the final contract are eligible for payment from the loan.

- (b) To the extent that the Government of the United Kingdom so accept and agree to payment from the Account, they shall, on receipt of a request duly signed by or on behalf of the Government of Turkey, in the form set out in Annex D to this Note, giving details of the payments due and about to be made, make payments in sterling into the Account and each such payment shall constitute a drawing on the loan.
- (6) For payments due under the final contract withdrawals from the Account shall be made only in accordance with Payment Authorities in the form shown in Annex E to this Note 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 Contractor in the form shown in Annex F hereto and the invoices (or a photocopy or duplicate of such invoices) referred to therein, for retention by the Government of the United Kingdom.
- (7) If any moneys 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 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 dates and in the amounts specified below (except that if, on the date which 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):

<i>Date due</i>	<i>Amount</i>
	£
(a) In respect of £1,200,000:	
1st June, 1973	4,900
1st December, 1973	4,900
1st June, 1974	9,800
1st December, 1974	9,800
1st June, 1975	14,700
1st December, 1975	14,700
1st June, 1976	19,600
1st December, 1976	19,600

<i>Date Due</i>	<i>Amount</i>
	£
1st June, 1977	24,500
1st December, 1977	24,500
1st June, 1978 and on the 1st June in each of the succeeding 17 years	29,400
1st December, 1978 and on the 1st December in each of the succeeding 16 years	29,400
1st December, 1995	24,000
<i>(b) In respect of £5,500,000:</i>	
1st June, 1978 and on the 1st June in each of the succeeding 17 years	153,000
1st December, 1978 and on the 1st December in each of the succeeding 16 years	153,000
1st December, 1995	145,000

(9) 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 up to £1,200,000 (one million two hundred thousand pounds sterling) no interest will be paid.

(b) In respect of each drawing in excess of the sum referred to in sub-paragraph (a) of this paragraph the rate of interest shall be 2 per cent (two per cent) per annum.

(c) Interest shall be calculated on a day-to-day basis on the balance of the loan for the time outstanding subject to the provision of sub-paragraph (a) of this paragraph.

(d) The first payment of interest shall be made on 1st June or 1st December, whichever is the earlier, first occurring after any interest has accrued and subsequent payments shall be made on 1st June and 1st December in each year.

(10) Notwithstanding the provisions of paragraph B (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.

(11) 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 plants set up under the Project; and shall furnish such officers, servants and agents with such information relating to the Project and the progress and financing thereof as the latter may reasonably require.

(12) The Government of Turkey shall ensure the provision of such finance, both in Turkish lira and in foreign currency, additional to the loan finance provided in accordance with the arrangements set out in this Note, as may be needed to complete the Project.

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 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 (Fertiliser Plant) Loan Agreement 1971.

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

RODERICK SARELL

Her Britannic Majesty's Ambassador.

ANNEX A

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

Dear Sir,

United Kingdom/Turkey (Fertiliser Plant) Loan Agreement, 1971

I have to request you on behalf of the Government of Turkey to open an account in the name of the Türkiye Cumhuriyet Merkez Bankasi, 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 Government of the United Kingdom of Great Britain and Northern Ireland. It is possible that, as a result of refunds becoming due from Contractors, 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 to Woodall Duckham Ltd., Crawley and only against Payment Authorities in the form of Annex E to the Loan Agreement (a copy of which is attached hereto), and in the manner and subject to the conditions described in part B, paragraph (6) thereof.

4. You will send to the Government of the United Kingdom at the end of each month a detailed statement showing all debits and credits to the Account during the month.

5. 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.

6. 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.

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

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

Yours faithfully,

ANNEX B

United Kingdom/Turkey (Fertiliser Plant) Loan Agreement, 1971

CONTRACT CERTIFICATE

(FOR CHEMICALS AND ALLIED PRODUCTS USE ALTERNATIVE
" CERTIFICATE " OVERLEAF)

Particulars of Contract

1. Date of Contract 2. Contract No.
3. Description of goods or services to be supplied to the purchaser

(If a number of items are to be supplied, a detailed list should be appended to this certificate)

4. Total contract price payable by purchaser (state CIF, C & F or FOB)
£

IF GOODS ARE TO BE SUPPLIED THE FOLLOWING SECTIONS MUST BE COMPLETED. If the contractor is exporting agent only, the information requested should be obtained from manufacturer.

5. Estimated % of the FOB value of the goods not originating in the United Kingdom, but purchased by the contractor directly from abroad, *i.e.*, % of imported raw material or components used to manufacture

- (a) % FOB value
(b) Description of items and brief specifications

6. If any raw material or components used originated from abroad, *e.g.*, copper, asbestos, cotton, wood pulp, etc., but have been purchased in the United Kingdom by the contractor for this contract, specify:

- (a) % FOB value
(b) Description of items and brief specifications

IF SERVICES ARE TO BE SUPPLIED, THE FOLLOWING SECTION SHOULD ALSO BE COMPLETED.

7. State the estimated value of any work to be done or services performed in the purchaser's country by:

- (a) Your firm (site engineer's charges, etc.)
(b) Local contractor

8. Qualifying remarks as necessary in respect of paragraph 5, 6 or 7 above
.....
.....

9. I hereby declare that I am employed in the United Kingdom by the Contractor named below and have the authority to sign this certificate. I hereby undertake

ANNEX B (CHEMICALS)

United Kingdom/Turkey (Fertiliser Plant) Loan Agreement, 1971

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 chemicals 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) H.M. 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 "U.K. Origin" if made either wholly from indigenous U.K. 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 "U.K. 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, Overseas Development Administration, Foreign and Commonwealth Office, 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 (Fertiliser Plant) Loan Agreement, 1971

To:

O.D.A. 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 £

Would you please ensure that the above O.D.A. contract number is quoted on all payment documents and correspondence relating to this Contract.

Date.....

.....
Signed on behalf of the Government
of the United Kingdom

ANNEX D

United Kingdom/Turkey (Fertiliser Plant) Loan Agreement, 1971

REQUEST FOR DRAWING

The following payments are due to Woodall Duckham Ltd. under the terms of the above-mentioned loan:

Date payment is due	Amount £

The amount available in the Special Account to meet the above payments of £ _____ 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 Government of the United Kingdom

ANNEX E

United Kingdom/Turkey (Fertiliser Plant) Loan Agreement, 1971

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 Contractor	Contract No./ Reference	Payments	
		Invoice No.	Amount
			£ s. d.

It is hereby certified that the above-mentioned payments are due in sterling to the Contractors named above under the contracts specified against the name of the relevant Contractor 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
Government of the United Kingdom

.....

Date.....

To: The Manager,

..... Bank

ANNEX F

United Kingdom/Turkey (Fertiliser Plant) Loan Agreement, 1971

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 due to be made in respect of Contract No..... dated between the contractor 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. The amounts specified in paragraph i. do not include any additional foreign content to that declared in paragraphs 5, 6 or 7 of the contract certificate.
- iii. I have the authority to sign this certificate on behalf of the Contractor named below.

Signed

Position held

For and on behalf of

Name and Address of Contractor

.....

Date

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

No. 2

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

*Türkiye Cumhuriyeti
Dışişleri Bakanlığı,
Ankara.*

April 27, 1971.

Your Excellency,

I have the honour to acknowledge Your Excellency's Note dated April 27, 1971, 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 who agree that Your Excellency's 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 (Fertiliser Plant) Loan Agreement, 1971.

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

On behalf of the Government
of the Republic of Turkey
The Minister of Finance
S. ERGIN

[Annexes as in No. 1]

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