



Treaty Series No. 46 (1968)

Exchanges of Notes

between the Government of the
United Kingdom of Great Britain and Northern Ireland
and the Government of the Republic of Turkey
for an Interest-free Development Loan
and to facilitate a Commercial
Credit Agreement

Ankara, 4 March 1968

[The Agreements entered into force on signature]

*Presented to Parliament by the Secretary of State for Foreign Affairs
by Command of Her Majesty
May 1968*

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EXCHANGES OF NOTES
CONCERNING AN INTEREST-FREE DEVELOPMENT LOAN AND
CREDIT AGREEMENT BETWEEN THE GOVERNMENT OF THE
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN
IRELAND AND THE GOVERNMENT OF THE REPUBLIC OF
TURKEY

No. 1

*Her Majesty's Chargé d'Affaires ad interim at Ankara to the
Turkish Minister of Finance*

*British Embassy,
Ankara, 4 March, 1968.*

Note No. 19.

Your Excellency,

I have the honour to refer to the 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 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, acting by the Ministry of Overseas Development (hereinafter referred to as "the Ministry"), to make available to the Government of Turkey by way of an interest-free loan a sum not exceeding £1,000,000 (one million pounds sterling) towards the cost of the purchase of 300 buses, and spare parts, by the Istanbul Municipal Transport Authority.

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 Ministry with a

copy of the Government's 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 Ministry of the names of the officers who are duly authorised to sign on its behalf the Payment Authorities 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 Ministry a statement of receipts to and payments from the Account.
- (d) Unless the Ministry 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 Ministry may otherwise agree, drawings from the loan shall be used only for:
 - (a) Payments under a contract between Leyland Motors Limited and the Istanbul Municipal Transport Authority (hereinafter referred to as "the Contract") for the purchase of 300 motor buses and spare parts wholly produced or manufactured in the United Kingdom, being a Contract which—
 - (i) provides for payment in sterling in the United Kingdom ; and
 - (ii) is approved on behalf of the Government of Turkey and accepted by the Ministry for financing from the loan ; and
 - (b) Repayment of principal monies and interest due to a British commercial bank from the Central Bank of Turkey under a commercial credit agreement, being monies loaned to the Central Bank of Turkey for the purpose of its financing the purchase by the Istanbul Municipal Transport Authority from Leyland Motors Limited of 300 motor buses and spare parts (hereinafter referred to as "the Commercial Credit Agreement").
- (4) (a) The Government of Turkey shall ensure that there are forwarded at the earliest opportunity to the Ministry :—
 - (i) a copy of the Contract ; and
 - (ii) a certificate from the contractor concerned in the United Kingdom in the form set out in Annex C to this Note ; and
 - (iii) a copy of the Commercial Credit Agreement.
- (b) The Government of Turkey shall ensure that the Ministry is informed if at any time the Contract or the Commercial Credit Agreement 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 so forwarded ; and in any of these cases the Government of Turkey shall ensure that there are forwarded as soon as possible to the Ministry the relevant supplementary or revised documents.
- (5) (a) After the Ministry has considered the documents forwarded 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 Ministry shall notify that Government of the amount of the loan allocated to payments under the Contract and the amount allocated to repayment of the principal monies and interest due under the Commercial Credit Agreement.

- (b) To the extent that the Ministry so allocates the loan to the Contract or the Commercial Credit Agreement and agrees to payment from the Account, it shall, on receipt of a request from the Government of Turkey, in the form set out in Annex B 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) Withdrawals from the Account 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 by the Ministry. Each Payment Authority shall be forwarded in duplicate to the Ministry for counter signature and shall be accompanied by (a) in the case of payments due under the Contract, the relevant invoices (or a photocopy or a duplicate of such invoices) from the Contractor for retention by the Ministry; and (b) in the case of payments due under the Commercial Credit Agreement, two copies of a certificate from the British commercial bank concerned, in the form shown in Annex E hereto.
- (7) The Government of Turkey shall repay to the Ministry 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 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.

<i>Date due</i>	<i>Instalments</i>					<i>Amounts</i>
						£
15th July 1970	4,000
15th January 1971	4,000
15th July 1971	8,000
15th January 1972	8,000
15th July 1972	12,000
15th January 1973	12,000
15th July 1973	16,000
15th January 1974	16,000
15th July 1974	20,000
15th January 1975	20,000
15th July 1975 and on the 15th July in each of the succeeding 17 years...	24,500
15th January 1976 and on the 15th January in each of the succeeding 16 years	24,500
15th January 1993	22,500

(8) Notwithstanding the provisions of paragraph (7) of this Note, the Government of Turkey shall be free at any earlier time to repay to the Ministry in pounds sterling in London the whole or any part of the loan that is still outstanding.

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 be regarded as constituting 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. 1, 1968.

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

A. D. F. PEMBERTON-PIGOTT

ANNEX A

GOVERNMENT OF THE REPUBLIC OF TURKEY

To: The Manager,

.....Bank Ltd.,

London.

Dear Sir,

United Kingdom/Turkey Loan, No. 1, 1968

1. I have to request you on behalf of the Government of the Republic of Turkey (hereinafter called "the Government") to open an account in the name of the Government to be styled the United Kingdom/Turkey Loan No. 1, 1968 Account (hereinafter called "the Account").

2. Payments into the Account may 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").

3. Payments from the Account are to be made only against Payment Authorities in the form marked "D" attached hereto duly signed on behalf of the Government and countersigned on behalf of the Ministry.

4. You are 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.

5. You will notify the Turkish Embassy in London from time to time of 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 due under Payment Authorities duly signed on behalf of the Government and countersigned on behalf of the Ministry.

6. The following persons are severally authorised to sign Payment Authorities on behalf of the Government:

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

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

7. Specimen signatures of the officers authorised to countersign Payment Authorities on behalf of the Ministry will be sent to you direct.

8. No 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 sent to the Ministry.

Yours faithfully,

ANNEX B

United Kingdom/Turkey Loan, No. 1, 1968

REQUEST FOR DRAWING

The following payments are expected to fall due under the Contract/
Commercial Credit Agreement.

Name and address of Beneficiary	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.

ANNEX C

United Kingdom/Turkey Loan, No. 1, 1968

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 goods, works and services to be supplied to the Purchaser.		

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

	<i>Amount</i>	<i>Description</i>
4. Estimated amounts, if any, paid or to be paid by the contractor 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 services performed in Buyer's country
		(c) know-how
		(d) plans, designs and technical documentation
	(e) other services	

5. 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 that in performance of the Contract no goods or services which are not of United Kingdom origin will be supplied by the Contractor other than those specified in paragraph 4 above.

Signed

Position held

Name and address of

Contractor

Date

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

ANNEX D

United Kingdom/Turkey Loan, No. 1, 1968

PAYMENT AUTHORITY

Serial No.

To: The Manager,

..... Bank Ltd.,

.....

Dear Sir,

.....ACCOUNT

You are hereby authorised to make the following payments from the above account on the dates stated:

Name and address of Beneficiary	Date	Amount

This is to certify that the payments stated above are due in sterling to the beneficiaries named who are carrying on business in the United Kingdom, the Channel Islands or the Isle of Man.

Date

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

Date

Countersigned on behalf of the Ministry of Overseas Development.

ANNEX E

United Kingdom/Turkey Loan, No. 1, 1968

COMMERCIAL CREDIT AGREEMENT PAYMENT CERTIFICATE

I certify that repayment of an amount of £..... in respect of principal and £..... in respect of interest on moneys loaned by this Bank to the Central Bank of Turkey under a Commercial Credit Agreement dated for the purpose of it financing the purchase by the Istanbul Municipal Transport Authority from Leyland Motors Ltd., of buses and spare parts as listed in Contract No. dated is due on

The total sum due to this Bank in respect of principal and interest after this payment will be £.....

Signed
Position held
Name and address of
Bank
Date

No. 2

*The Turkish Minister of Finance to Her Majesty's Chargé d'Affaires
ad interim at Ankara*

Ankara, 4 March, 1968.

Your Excellency,

I have the honour to acknowledge receipt of your Note No. 19 of the 4th March, 1968 which reads as follows:—

[As in No. 1]

The proposals contained in your Note are acceptable to the Government of Turkey who therefore regard your Note and this reply as constituting an agreement in this matter between the two Governments which shall enter into force on today's date and shall be referred to as "the United Kingdom/Turkey Loan, No. 1, 1968".

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

CIHAT BILGEHAN
Minister of Finance.

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

No. 3

*Her Majesty's Chargé d'Affaires ad interim at Ankara to the
Turkish Minister of Finance*

Note No. 20

*British Embassy,
Ankara, 4 March, 1968.*

Your Excellency,

I have the honour to refer to discussions which have taken place between representatives of the Government of the United Kingdom of Great Britain and Northern Ireland and representatives of the Government of the Republic of Turkey concerning the provision by the Government of the United Kingdom of financial assistance to the Government of Turkey for the purchase by the Istanbul Municipal Transport Authority of 300 motor buses and spare parts from the Leyland Motor Company of Great Britain.

2. In the course of these discussions it was agreed that the arrangements concerning the provision of such assistance should be those set out below:

(1) The Government of the United Kingdom intend to make a development loan to the Government of Turkey in accordance with the United Kingdom/Turkey Loan, No. 1, 1968 concluded by an Exchange of Notes of this day's date, for a sum of up to £1 million (one million pounds sterling) to be used towards the purchase by the Istanbul Municipal Transport Authority of 300 motor buses and spare parts from the Leyland Motor Company of Great Britain.

(2) The Government of the United Kingdom shall also use their best endeavours to facilitate provision of commercial credit to the Central Bank of the Republic of Turkey to enable it to finance 90 per cent of the contract price of the buses and spare parts, and through their Export Credits Guarantee Department, shall be prepared, subject to the Department's underwriting requirements being met, to guarantee the repayment of a loan for this purpose. The Commercial credit would be made available by means of a loan Agreement to be signed between a British commercial bank and the Central Bank of the Republic of Turkey, each portion of such loan being repayable together with interest in equal half-yearly instalments over a period of five years from the date of shipment of the goods for the purchase of which that portion of the loan was advanced.

(3) The development loan funds referred to in paragraph 2(1) of this Note shall be available to make the 10 per cent down-payments due to the Leyland Motor Company in respect of the buses and spare parts and the early repayments of principal and interest due to the British commercial bank under the commercial credit.

(4) The Government of Turkey undertake to authorise the importation of the buses and spare parts to be purchased from the Leyland Motor Company and to guarantee the repayments of the commercial credit and development loan at due date in transferable foreign exchange.

3. If these arrangements are acceptable to the Government of Turkey, I have the honour to propose that this Note, together with Your Excellency's

reply to that effect, shall be regarded as constituting an agreement in this matter between the two Governments which shall enter into force on the date of your reply.

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

A. D. F. PEMBERTON-PIGOTT

No. 4

*The Turkish Minister of Finance to Her Majesty's Chargé d'Affaires
ad interim at Ankara*

Ankara, 4 March, 1968.

Your Excellency,

I have the honour to acknowledge receipt of your Note No. 20 of the 4th March, 1968 which reads as follows:—

[As in No. 3]

The arrangements proposed in your Note are acceptable to the Government of Turkey who therefore regard your Note and this reply as constituting an Agreement in this matter between the two Governments, which shall enter into force on today's date.

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

CIHAT BILGEHAN
Minister of Finance.

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