



Treaty Series No. 73 (1968)

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, 22 May 1968

[The Agreement entered into force on signature]

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

LONDON
HER MAJESTY'S STATIONERY OFFICE

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**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 Under-Secretary,
Turkish Ministry of Finance*

Note No. 57

British Embassy,

Your Excellency,

Ankara, 22 May, 1968.

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 Turkish Government 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 £1,586,000 (one million five hundred and eighty-six thousand pounds sterling) for the purpose of that Government providing financial assistance to Makina Ve Kimya Endustrisi Kurumu, Ankara (hereinafter referred to as M.K.E.K.) towards the cost of establishing a Seamless Steel Pipe Plant at Ankara, 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 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 will not be made after the 31st 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 payments required for the Project and due under a contract (hereinafter referred to as "the Contract") dated the 26th December 1967 between Makina Ve Kimya Endustrisi Kurumu, Ankara and Davy and United Engineering Company, Limited, Sheffield (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 a contract which—
- (a) provides for payment in sterling "to the contractor"; and
 - (b) is approved on behalf of the Government of Turkey and accepted by the Ministry for financing from the loan.
- (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) two copies of a certificate from the Contractor in the form set out in Annex B to this Note.
- (b) The Government of Turkey shall ensure that the Ministry is 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 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 shall then be supplied by or on behalf of that Government), the Ministry shall notify that Government in the form set out in Annex B (i) to this Note whether and to what extent it accepts that the Contract is eligible for payment from the loan.

- (b) To the extent that the Ministry so accepts the Contract and agrees to payment from the Account, it shall, on receipt of a request duly signed by or on behalf of the Government of Turkey, in the form set out in Annex C 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 only 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 Payment Certificates from the Contractor in the form shown in Annex E hereto and the invoices (or a photo-copy or duplicate of such invoices) referred to therein, for retention by the Ministry.
- (7) If any monies 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 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:

INSTALMENTS

	<i>Due</i>	<i>Amount</i>
		£
10th October, 1970	6,400
10th April, 1971	6,400
10th October, 1971	12,800
10th April, 1972	12,800
10th October, 1972	19,200
10th April, 1973	19,200
10th October, 1973	25,600
10th April, 1974	25,600
10th October, 1974	32,000
10th April, 1975	32,000
10th October, 1975, and on the 10th October in each of the succeeding 17 years	38,700
10th April, 1976, and on the 10th April in each of the succeeding 16 years	38,700
10th April, 1993	39,500

- (9) Notwithstanding the provisions of paragraph (8) 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.
- (10) The Government of Turkey shall permit officers of Her Britannic Majesty's Embassy, Ankara, and other servants or agents of the British Government to visit 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.
- (11) The Government of Turkey shall ensure the provision of such finance, 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 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 (Steel Pipe Plant) Loan, No. 3, 1968.

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

ROGER ALLEN.

ANNEX A

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

Dear Sir,

**United Kingdom/Turkey (Steel Pipe Plant) Loan,
No. 3, 1968**

I have to request you on behalf of the Government of Turkey (hereinafter called " the Government ") to open an account in the name of the Government (Makina Ve Kimya Endustrisi Kurumu, Ankara as agents of the Government) 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 the Contractor, payments into the Account will also be made on behalf of the Government itself.

3. Payments from the Account are to be made from time to time to Davy-United Engineering Company, Limited, Sheffield and only against Payment Authorities in 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 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. Any two of the following persons are jointly 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. 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 Ministry. Specimen signatures of the officers authorised to countersign Payment Authorities on behalf of the Ministry will be sent to you direct.

Yours faithfully,

ANNEX B

United Kingdom/Turkey (Steel Pipe Plant) Loan,
No. 3, 1968

CONTRACT CERTIFICATE

Particulars of Contract

Date of Contract

Contract Number

Description of equipment and/or works or services to be supplied to the Purchaser	<i>United Kingdom Origin</i>	<i>Non-United Kingdom Origin</i>
Total [estimated] contract price payable by Purchaser	<i>Sterling</i>	<i>Other Currency if any</i>

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 Purchaser's country (c) know-how (d) plans, designs and technical documentation (e) other services	<i>Amount</i>	<i>Description</i>

I hereby declare that I am employed in the United Kingdom by the Contractor named below and I 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 B (i)

United Kingdom/Turkey (Steel Pipe Plant) Loan,
No. 3, 1968

To:

We are pleased to inform you that we accept
We regret to inform you that we cannot accept

the Contract, particulars of which are sent out in the certificate attached
hereto as eligible for payment from the above mentioned loan to the extent
of £

Date.....

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

ANNEX C

United Kingdom/Turkey (Steel Pipe Plant) Loan,
No. 3, 1968

REQUEST FOR DRAWING

The following payments are due to Davey-United Engineering Company Limited under contract(s) accepted 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 Ministry of Overseas Development,
Finance Department,
Eland House,
Stag Place,
London, S.W.1

ANNEX D

United Kingdom/Turkey (Steel Pipe Plant) Loan,
No. 3, 1968

PAYMENT AUTHORITY

Serial No.:

Dear Sir,

.....Account

You are hereby authorised to make the following payments from the above-mentioned Account to Davey-United Engineering Company Limited, Darnall Works, Sheffield in respect of the attached invoices.

Invoice No.	Date Payment Due	Amount
		£ s. d.

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, Limited,
London,

ANNEX E

United Kingdom/Turkey (Steel Pipe Plant) Loan,
No. 3, 1968

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 Suppliers 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) 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 Contractor named below.

Signed.....

Position held.....

For and on behalf of.....

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.

No. 2

*The Under-Secretary, Turkish Ministry of Finance, to Her Majesty's
Ambassador at Ankara*

Your Excellency,

Ankara, 22 May, 1968.

I have the honour to acknowledge Your Excellency's Note No. 57 dated the 22nd of May, 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.

F. TIGREL

Under-Secretary, Ministry of Finance.

[Annexes as in No. 1]