



Treaty Series No. 3 (1966)

Loan Agreement

between the Government of the
United Kingdom of Great Britain and
Northern Ireland and the Government of
the Republic of Turkey

Ankara, 21 October 1965

[The Agreement entered into force on signature]

*Presented to Parliament by the Secretary of State for Foreign Affairs
by Command of Her Majesty
January 1966*

LONDON
HER MAJESTY'S STATIONERY OFFICE

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**LOAN AGREEMENT
BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM
OF GREAT BRITAIN AND NORTHERN IRELAND AND THE
GOVERNMENT OF THE REPUBLIC OF TURKEY**

The Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the Government of the United Kingdom") and the Government of the Republic of Turkey (hereinafter referred to as the "Turkish Government");

Considering that they are members of the Organisation for Economic Co-operation and Development (hereinafter referred to as "the Organisation") which has sponsored a consortium to help the economic development of Turkey;

Taking account of the heavy burden of debt repayments in convertible currencies to be faced by Turkey in the years 1965-67;

Recognising that the Turkish Government has undertaken to take the measures necessary to achieve the objectives of its Development Plan and to co-operate in avoiding serious strain on its capacity to service its international indebtedness;

Recognising undertakings made by other members of the Organisation and by the Council of the Organisation on behalf of the European Fund to help ameliorate this burden;

Considering that the Government of the United Kingdom is desirous of joining other Governments and the European Fund in ameliorating the burden and has already postponed for five years the instalments of principal and interest falling due in the years 1964-69 on its 1958-59 stabilisation credit;

Have agreed as follows:

ARTICLE I

In this Agreement the phrase "instalments of the consolidated commercial debt" shall mean the instalments due to be transferred to the United Kingdom creditors in accordance with the provisions of Article 7 of the Agreement on Commercial Debts Owed by Residents of Turkey signed at Paris on 11th May, 1959⁽¹⁾, and under the arrangements specified in Article V of the Agreement on Technical Matters relating to the Agreement on Commercial Debts Owed by Residents of Turkey of 11th May, 1959, signed in Ankara on 13th June, 1959⁽²⁾. Nothing in the present Agreement shall have the effect of modifying the terms of these Agreements.

ARTICLE II

The Government of the United Kingdom shall make available to the Turkish Government a refinance loan equal to 60 per cent of the actual sums remitted as instalments of the consolidated commercial debt between 1st January, 1965, and 31st December, 1967, both dates inclusive, up to a total sum of £5,115,000 (five million one hundred and fifteen thousand pounds sterling).

(1) "Treaty Series No. 78 (1965)", Cmnd. 2769.

(2) "Treaty Series No. 59 (1959)", Cmnd. 805.

ARTICLE III

The refinance loan shall be divided into first, second and third tranches corresponding respectively to the years 1965, 1966 and 1967. Each tranche shall be made available in instalments payable as soon as possible after, and equal in amount to 60 per cent of, the individual transfers from Turkey, in respect of the consolidated commercial debt, during each of the years 1965, 1966 and 1967. The instalments shall be payable against evidence of payment by the Turkish Government to the United Kingdom creditors concerned. An amount of £1,424,793 (one million four hundred and twenty-four thousand seven hundred and ninety-three pounds sterling) shall be made available by the Government of the United Kingdom from the first tranche immediately on signature of this Agreement, in respect of transfers already made in 1965 by the Turkish Government.

ARTICLE IV

(1) The Turkish Government shall pay interest to the Government of the United Kingdom on each instalment of the loan at a rate to be determined by Her Majesty's Treasury, having regard to the cost of borrowing by the Government of the United Kingdom at the date on which the instalment is paid to the Turkish Government.

(2) Interest shall be payable by the Turkish Government in sterling on 31st March, 30th June, 30th September and 31st December of each year on amounts of the refinance loan outstanding, subject, however, to interest payments on the first tranche being waived up to and including 31st December, 1968, and to interest payments on the second tranche being waived up to and including 31st December, 1969, and to interest payments on the third tranche being waived up to and including 31st December, 1970.

ARTICLE V

The Turkish Government shall make repayment in sterling to the Government of the United Kingdom of the sums paid under the refinance loan in accordance with Article III of this Agreement as follows:

- (a) The first tranche shall be repaid in twelve consecutive and equal quarterly instalments on the 31st March, 30th June, 30th September and 31st December each year, beginning on 31st March, 1971.
- (b) The second tranche shall be repaid in twelve consecutive and equal quarterly instalments on the 31st March, 30th June, 30th September and 31st December each year, beginning on 31st March, 1972.
- (c) The third tranche shall be repaid in twelve consecutive and equal quarterly instalments on the 31st March, 30th June, 30th September and 31st December each year, beginning on 31st March, 1973.

ARTICLE VI

This Agreement shall come into force on the date of signature thereof:

In witness whereof the undersigned, being duly authorised thereto by their respective Governments, have signed the present Agreement.

Done in duplicate in Ankara this 21st day of October, 1965.

For the Government of the United Kingdom of Great Britain and Northern Ireland: For the Government of the Republic of Turkey:

DENIS ALLEN.

ISAN GÜRSAN.

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