

30 U.S.T. 6615

TURKEY

Balance-of-Payments Financing

TIAS 9571

30 U.S.T. 6615

December 5, 1978, Date-Signed

December 5, 1978, Date-In-Force

STATUS:

[*1] Agreement signed at Ankara December 5, 1978;
Entered into force December 5, 1978.

LOAN AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF
THE REPUBLIC OF TURKEY

TEXT:

Agreement, dated the fifth day of December, 1978 between the Government of the Republic of Turkey (Borrower) and the United States of America acting through the Agency for International Development (A.I.D.).

WHEREAS, the Government of the United States, acting through the Agency for International Development, is desirous of supporting the Government of the Republic of Turkey's efforts to stabilize its economy;

NOW, THEREFORE the parties hereto agree as follows:

ARTICLE I

The Loan

A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, n1 agrees to lend the Borrower, under the terms of this Agreement, not to exceed fifty million United States Dollars (Dollars 50,000,000) for balance-of-payments financing to support and promote the financial stability and economic recovery of the Borrower. The aggregate amount of disbursements under the loan is referred to as principal.

-----Footnotes-----

n1 75 Stat. 424; 22 U.S.C. § 2151 note.

ARTICLE II

Loan Terms

SECTION 2.1. Interest. The Borrower will pay to A.I.D. interest which will accrue at the rate of 8.77 percent per annum following the date of disbursement of the loan on the outstanding balance of principal and on any due and unpaid interest. Interest on the outstanding balance will accrue from the date of disbursement (as defined in Section 4.2) and will be payable semi-annually. The first payment of interest will be due and payable no later than six (6) months after disbursement of the loan.

SECTION 2.2. Repayment. The Borrower will repay to A.I.D. the principal within ten (10) years from the date of disbursement of the loan in fifteen (15) approximately equal semi-annual installments of principal and interest. The first installment of principal will be payable two and one-half (2 1/2) years after the date on which the first interest payment is due in accordance with Section 2.1. A.I.D. will provide the Borrower with an amortization schedule in accordance with this Section after disbursement of the loan.

SECTION 2.3. Application, Currency, and Place of Payment. All payments of interest and principal hereunder will be made in U.S. Dollars and will [*3] be applied first to the payment of interest due and then to the repayment of principal. Except as A.I.D. may otherwise specify in writing, payments will be made to the Controller, Office of Financial Management, Agency for International Development, Washington, D.C. 20523, U.S.A., and will be deemed made when received by the Office of Financial Management.

SECTION 2.4. Prepayment. Upon payment of all interest due, the Borrower may prepay, without penalty, all or any part of the principal. Unless A.I.D. otherwise agrees in writing, any such prepayment will be applied to the installments of principal in the inverse order of their maturity.

SECTION 2.5. Termination on Full Payment. Upon payment in full of the principal and any accrued interest, this Agreement and all obligations of the Borrower and A.I.D. under it will cease.

ARTICLE III

Conditions Precedent to Disbursement

SECTION 3.1. Disbursement. Prior to disbursement under the loan, the Borrower will, except as the parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (A) An opinion of the Chief Legal Advisor of the Ministry of Finance that this Agreement has been [*4] duly authorized, or ratified by, and executed on behalf of, the Borrower, and that it constitutes a valid legally binding obligation of the Borrower in accordance with all of its terms;
- (B) A statement of the name of the person holding or acting in the office of the Borrower specified in Section 6.2.

SECTION 3.2. Notification. When A.I.D. has determined that the conditions precedent specified in Section 3.1 have been met, it will promptly notify the Borrower.

SECTION 3.3. Terminal Date for Conditions Precedent. If all the conditions specified in Section 3.1 have not been met within ninety (90) days from the date of this Agreement, or such later date as A.I.D. may agree in writing, A.I.D., at its option, may terminate this Agreement by written notice to Borrower.

ARTICLE IV

Disbursements

SECTION 4.1. Deposit of Disbursements. After satisfaction of conditions precedent, A.I.D. will deposit the proceeds of the loan, in a bank or banks in the United States designated in writing by the Borrower.

SECTION 4.2. Date of Disbursement. Disbursement by A.I.D. will be deemed to occur on the date A.I.D. makes disbursement to the bank or banks to be named in Section 4.1.

SECTION [*5] 4.3. Terminal Date for Requesting Disbursement. Except as A.I.D. may otherwise agree in writing, the terminal date for requesting disbursement of the loan proceeds shall be six months from the date of this Agreement.

ARTICLE V

Use of Funds

SECTION 5.1. The Borrower agrees that the proceeds of the loan will be used for balance-of-payments financing and will not be used for financing military requirements of any kind, including the procurement of commodities or services for military purposes.

ARTICLE VI

Miscellaneous

SECTION 6.1. Communications. The Borrower undertakes to provide to A.I.D. such information relating to the economic and financial situations and related problems of the Borrower as may be necessary. Any notice, request, document, or other communication submitted by either party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such party at the following address:

TO THE BORROWER:

Ministry of Finance
Government of the Republic of Turkey
Ankara, Turkey

To A.I.D.:

Director
Office of Project Development
Near East Bureau
A.I.D.
Washington, D.C. 20523

All such communications [*6] will be in English, unless the parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice. The Borrower, in addition, will provide the U.S. Embassy in Ankara with a copy of each communication sent to A.I.D.

SECTION 6.2. Representatives. For all purposes relevant to this Agreement, the Borrower will be represented by the individual holding or acting in the office of Minister of Finance and A.I.D. will be represented by the U.S. Ambassador, each of whom, by written notice, may designate additional representatives. The names of the representatives of the Borrower, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

IN WITNESS WHEREOF, the Borrower and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

SIGNATORIES:

FOR THE UNITED STATES OF AMERICA:

Ronald I. Spiers
Ambassador

FOR THE REPUBLIC OF TURKEY:

Ziya [*7] Muezzinoglu
Minister of Finance