

TURKEY

Finance: Consolidation and Rescheduling of Certain Debts

TIAS 9783

32 U.S.T. 1461

December 11, 1979, Date-Signed

January 14, 1980, Date-In-Force

STATUS:

[*1] Agreement signed at Ankara December 11, 1979;
Entered into force January 14, 1980.

AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF TURKEY
REGARDING THE CONSOLIDATION AND RESCHEDULING OF CERTAIN DEBTS OWED TO,
GUARANTEED OR INSURED BY THE UNITED STATES GOVERNMENT AND ITS AGENCIES

TEXT:

The United States of America (the "United States") and the Republic of Turkey ("Turkey") agree as follows:

ARTICLE I

Application of the Agreement

1. In accordance with the provisions of the Understanding reached on July 25, 1979 (the "Understanding") among representatives of certain nations, including the United States, and agreed to by the representative of Turkey, the United States and Turkey hereby agree to consolidate and reschedule certain Turkish debts which are owed to, guaranteed by or insured by the United States or its agencies, as provided for in this agreement.

2. This agreement shall be implemented by separate agreements (the "Implementing Agreements") between Turkey and the United States with respect to P. L. 480 n1 Agreements and the 1972 arrangement consolidating credits granted to Turkey by the European Fund of the European Monetary Agreement, and between Turkey and [*2] each of the following United States agencies: The Agency for International Development, the Export-Import Bank of the United States, and the Department of Defense. The Department of Defense will include in its Implementing Agreement amounts which it will pay the Federal Financing Bank pursuant to contracts of guaranty covering Contracts between the Federal Financing Bank and Turkey.

-----Footnotes-----

n1 68 Stat. 454; 7 U.S.C. § 1701 *et seq.* [Footnote added by the Department of State.]

ARTICLE II

Definitions

1. "Contracts" or "Original Contracts" means those agreements listed in Annex A, and other financial arrangements between Turkish obligors and the Export-Import Bank executed prior to January 1, 1978 with maturities falling due during the Consolidation Period.
2. "Debt" means the sum of principal and interest payable with respect to Contracts having an original maturity of more than one year and due between July 1, 1979 and June 30, 1980 inclusive.
3. "Consolidated Debt" means eighty-five [*3] percent of the dollar amount of the debt described in paragraph 2 above. "Non-consolidated Debt" means the remaining fifteen percent of the dollar amount of debt described in paragraph 2 above.
4. "Consolidation Period" means the period from July 1, 1979 through June 30, 1980.
5. "Interest" means interest on Debt. Such Interest shall begin to accrue at the rates set forth in this Agreement on the respective due dates specified in each of the Original Contracts for each scheduled payment of Debt and shall continue to accrue until the Debt is repaid in full. "Additional Interest" shall accrue on due but unpaid installments of principal and interest scheduled pursuant to this Agreement at the same rate until such amounts are paid in full.
6. "Agency" means: United States Agency for International Development, Export-Import Bank of the United States, and the United States Department of Defense.

ARTICLE III

Terms and Conditions of Payment

1. Turkey agrees to repay the Consolidated Debt in United States dollars in accordance with the following terms and conditions:
 - (a) The Consolidated Debt relating to Debt described in Article II, paragraph 2 above and amounting to \$ 166 million [*4] shall be repaid in ten equal semi-annual installments of \$ 16.6 million, commencing on July 1, 1983 with the final installment payable on January 2, 1988.
 - (b) The rate of Interest shall be 2.8 percent per calendar year on the outstanding balance of the Consolidated Debt due to the Agency for International Development and to the United States with respect to P.L. 480 agreements, 3.0 percent per calendar year on the outstanding balance of Consolidated Debt due to the United States with respect to the 1972 consolidation of credits granted to Turkey by the European Monetary Agreement, 8.125 percent per calendar year on the outstanding balance of Consolidated Debt due to, guaranteed by, or insured by the Export-Import Bank of the United States, and 8.0 percent per calendar year on the outstanding balance of Consolidated Debt due to or guaranteed by the Department of Defense. All Interest payable with respect to the Consolidated

Debt shall be payable semi-annually on January 2 and July 1 of each year commencing on January 2, 1980.

(c) A table summarizing the amounts of the Consolidated Debt owed to the United States and each Agency is attached hereto as Annex B.

2. Turkey agrees to [*5] pay the Non-consolidated Debt in United States dollars in accordance with the following terms and conditions:

(a) The Non-consolidated Debt related to Debt described in Article II, paragraph 2 above and currently amounting to \$ 29.4 million shall be repaid in three equal semi-annual installments of \$ 9.8 million on April 1, 1980, October 1, 1980, and April 1, 1981.

(b) The rate of Interest shall be 2.8 percent per calendar year on the outstanding balance of the Non-consolidated Debt due to the Agency for International Development and to the United States with respect to P.L. 480 agreements, 3.0 percent per calendar year on the outstanding balance of Non-consolidated Debt due to the United States with respect to the 1972 consolidation of credits granted to Turkey by the European Monetary Agreement, and 8.125 percent per calendar year on the outstanding balance of Non-consolidated Debt due to, guaranteed by, or insured by the Export-Import Bank of the United States, and 8.0 percent per calendar year on the outstanding balance of Consolidated Debt due to or guaranteed by the Department of Defense. All Interest payable with respect to the Non-consolidated Debt portion shall be payable [*6] semi-annually on April 1 and October 1 of each year commencing on April 1, 1980.

(c) A table summarizing the amounts of Non-consolidated Debt owed to the United States and each agency is attached hereto as Annex C.

3. It is understood that adjustments will be made in the amounts of Consolidated and Non-consolidated Debt specified in paragraphs 1 and 2 of this Article by the Implementing Agreements. In part, this will reflect disbursements on Debt during the Consolidation Period. Adjustments shall be made to the scheduled repayments commencing with December 31, 1979, pursuant to this Agreement, to reflect increased interest accrued and due during the Consolidation Period on advances made after the date of this Agreement from Department of Defense guaranteed loans 765-G, 772-G, and 781-G.

ARTICLE IV

General Provisions

1. Turkey agrees to grant the United States and its Agencies, and any other creditor which is party to an Original Contract, treatment and terms no less favorable than that which may be accorded to any other creditor country for the consolidation of debts covered by the Understanding.

2. Except as they may be modified by this Agreement or subsequent Implementing [*7] Agreements, all terms of the Original Contracts remain unchanged.

ARTICLE V

Entry into Force

This Agreement shall enter into force upon receipt by Turkey of written notice that domestic United States laws and regulations covering debt rescheduling concerning this agreement have been complied with. n1

-----Footnotes-----

n1 Jan. 14, 1980. [Footnote added by the Department of State.]

-----End Footnotes-----

Done at Ankara, Turkey, in duplicate, this eleventh day of December, 1979.

SIGNATORIES:

FOR THE UNITED STATES OF AMERICA

Ronald I. Spiers

Ambassador

FOR THE REPUBLIC OF TURKEY

Vural Gucsavas

Undersecretary of Finance

APPENDICES:

Annex A

Loan Agreements Subject to Rescheduling Export-Import Bank

Direct Credit No.

4411

4514

4532

4587

4637

4893

5047

6172

E 2970

E 3361

E 3827

E 4094

E 4224

4575

5083

5134

5931

6056

6143

6329

Financial Guarantees Credit No.

FG 5048

FG 5084

FG 6330

EFG 3809

PF 5932

FG 6057

FG 6376

Suppliers Credits Against Which Claims Paid

Reference Number	Turkish Obligor	US Exporter
MP-209/MT 11073	Unitrans Int'l Transport	North American African Corporation
MP-207/MT 10749	Karsv Tekstil	Leesone Corp.
MP-208/MT 11096	Acar Uluslararası Nakiyat	North American African Corporation

[*8]

P.L. 480

Agreements Dated:

March 16, 1970 n1
January 29, 1971 n2
February 6, 1969 n3

-----Footnotes-----

n1 TIAS 6860; 21 UST 1062.

n2 TIAS 7055; 22 UST 230.

n3 TIAS 6645, 6751; 20 UST 438, 2813. [Footnotes added by the Department of State.]

-----End Footnotes-----

1972 Arrangement Consolidating Credits Granted to Turkey by the European Fund of the European Monetary Agreement.

Treasury Transaction No. 74002

Agency For International Development

Loan Numbers

277-H-043
277-H-074
277-H-093
277-B-001
277-B-002
277-B-003
277-A-020
277-H-033
277-H-035
277-H-036
277-H-042
277-H-044
277-H-048
277-H-049A
277-H-050A
277-H-051
277-H-052
277-H-053
277-H-054
277-H-056
277-H-058
277-H-059
277-H-060

277-H-062
277-H-063
277-H-066
277-H-068
277-H-069
277-H-070
277-H-071
277-H-076
277-H-077
277-H-078
277-H-080
277-H-081
277-H-082
277-H-083
277-H-084
277-H-091
277-H-085
277-H-086
277-H-087
277-H-088
277-H-089
277-H-092
277-H-094
277-K-095

Department of Defense

Direct Credit No.

721 D

731 D

741 D

751 D

Financial Guarantees Credit [*9] No.

752 G

765 G

771 G

772 G

781 G

Annex B

SUMMARY OF CONSOLIDATED DEBT * (Millions of Dollars)

-----Footnotes-----

* Data are rounded and subject to revision per Article III, Paragraph 3.

-----End Footnotes-----

Export-Import Bank	41.2
P.L. 480	1.0
Treasury Transaction No. 74002	6.6
Agency for International Development	35.8
Department of Defense	81.4
TOTAL	166.0

Annex C

SUMMARY OF NON-CONSOLIDATED DEBT * (Millions of Dollars)

-----Footnotes-----

* Data are rounded and subject to revision per Article III, Paragraph 3.

-----End Footnotes-----

Export-Import Bank	7.3
P.L. 480	.2
Treasury Transaction No. 74002	1.2
Agency for International Development	6.3
Department of Defense	14.4
TOTAL	29.4