



Foreign and Commonwealth Office

London SW1A 2AH

5 September 1990

Dear Charles,

Leah C
(2)
Prime Minister
CDP
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Iraq/Kuwait: Help for Turkey
Letter to the Prime Minister from President Ozal

I enclose the text of a letter to the Prime Minister from President Ozal, following up their telephone conversation of 24 August. This confirms Turkey's request for an increase in her access to the EC for textiles. We shall send you a draft reply, in consultation with DTI, as soon as possible.

I am copying this letter to Martin Stanley (DTI), John Gieve (Treasury) and Sonia Phippard (Cabinet Office).

Yours ever,

(R H T Gozney)
Private Secretary

C D Powell Esq
10 Downing Street

Dear Mrs. Prime Minister, Dear Friend,

It was a pleasure talking to you on the phone on the developments regarding the latest Gulf crisis. I noted with great satisfaction that our views are parallel.

Turkey, like the United Kingdom, was, as you know, one of the first to take immediate action following the adoption of UN Security Council Resolution on economic sanctions against Iraq. As a neighbouring country and conscious of her pivotal role in the effectiveness of the embargo, Turkey shut down the two Iraqi oil pipelines, stopped her trade with Iraq and sealed off her borders and ports to transshipment of goods to that country. Thus, we have demonstrated, beyond any doubt, our firm solidarity with our allies and friends in the West.

I know, Mrs. Prime Minister, that you are also fully aware of the considerable burden which these measures have imposed on the Turkish economy. We appreciate your support for international assistance to compensate partially our losses, as well as that of some other countries in the region.

Turkey's economic predicament is not limited alone to losing trade with Iraq and Kuwait or the rising oil bill or to lost tourism revenues. The effects of the Gulf crisis will be far-reaching and we fear they will compromise the Turkish economy which has been performing so well since the introduction of free market policies in the 1980's. Therefore, Turkey must seek the ways and means to mitigate the effects of such adverse developments. One such area is trade. Of Turkey's international trade, 65 percent is directed to Western countries, with the balance being almost always against her. However, our aim has less to do with the balance in trade than the volume itself. As I have often pointed out, we want more trade than aid.

Therefore, Mrs. Prime Minister, we should together encourage greater trade between Turkey and the West in general and the EC in particular.

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The Rt. Hon. Margaret Thatcher MP,
Prime Minister of the United Kingdom
of Great Britain and Northern Ireland,
London SW1.

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The best and perhaps most effective step perhaps is to increase Turkey's textile quotas to the EC by 35 percent and remove the non-trade barriers. Such a stride would certainly confirm the political will on both sides of enhancing Turkey-EC relations which is also foreseen in the cooperation programme submitted by the Commission to the EC Council for approval.

I am confident that I can rely on your invaluable support on the foregoing. I also take the liberty of enclosing herewith a note on Turkey-EC textile trade, which in my opinion, may contribute to your consideration of the matter.

To express our expectations I have also sent letters to the leaders of our common West European allies.

With kind regards.

Turgut Ozal

Turkish Textile and apparel exports to the EC
(million US Dollars)

Total textile and apparel exports:

1986	(1205.6)
1987	(1897.4)
1988	(2291.0)
1989	(2437.7)
1990	(3000.0) (Estimation)
1991	(4050.0) (Projection)

Exports of Restrained (Quota) Categories:

1986	(773.5)
1987	(1229.5)
1988	(1495.3)
1989	(1552.5)
1990	(1940.0) (Estimation)
1991	(2619.0) (Projection) (x)

Exports of Unrestrained Categories:

1986	(432.1)
1987	(667.9)
1988	(795.7)
1989	(885.2)
1990	(1060.0) (Estimation)
1991	(1431.0) (Projection) (x)

(x): If 35 per cent quota increase realized