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27th September, 1983.

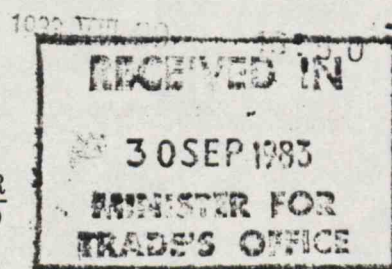
The Hon. Cecil Parkinson, M.P.,  
Secretary of State for Trade and Industry,  
Whitehall House,  
Victoria Street,  
London, S.W.1.

RECEIVED IN  
S.O.S. FOR  
INDUSTRIES OFFICE

Dear

*Secretary of State,*

50 DIESEL ELECTRIC LOCOMOTIVES FOR  
TURKISH STATE RAILWAYS (T.C.D.D.)



The final stages of evaluation are now taking place in Ankara and the award of order is expected to be finalised within a matter of days. The latest situation report at the end of last week indicates that both the British and German offers are technically acceptable and while the British offer is the most competitive, we appear considerably more expensive than the Germans after application of the Government-supported finance. Strong indications prevailing suggest that this factor alone will enable the German company to obtain the business.

The finance offers at present lodged with T.C.D.D. and Turkish Ministry of Finance are :-

A. British Offer (Brush Electrical Machines Ltd.)

36.5% of Contract Value in grant aid free of interest charge and capital repayments.

63.5% of Contract Value against 10 years Buyer Credit at 11.75% interest p.a. (Pound Sterling Contract) or 9.25% interest p.a. (D.M. Contract).

B. German Offer

66.5% of Contract Value in aid over 30 years at 2% interest p.a. with a 10 year grace period.

33.5% of Contract Value against 10 years Buyer Credit at 8.75% interest p.a.

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Rt.Hon. Cecil Parkinson, M.P.

27th September, 1983.

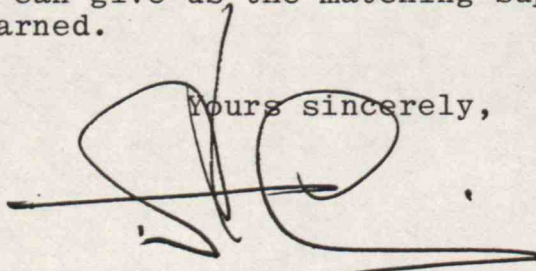
We are very disturbed to see the German Government, apparently as a matter of national policy, endeavouring to dominate railway business for German firms with extensive and prearranged aid programmes, and this is having far reaching effects upon our traditional business.

Closely following on similar successful German Government moves in Egypt, Zambia, East Africa and Indonesia, we now see similar patterns emerging in Pakistan and Thailand. It would, therefore, seem important to head off their efforts in Turkey where we have all the other aspects apart from finance to our advantage.

This export order is particularly important to Brush Electrical Machines Ltd. and the U.K. in that it will provide continuous employment for our workforce and that of our British sub-contractors. In addition, it would present us with a great platform from which we believe much future business will ensue from many areas of the world where we are expending much of our time and money.

I recognize that the recommendation from the post in Ankara is that any further move would be "counter-productive". I recognize that the state of O.E.C.D. consensus negotiations makes the timing difficult. Maybe most significantly, I recognize the sensitivity created by the current "aid debate". If you will forgive me, Secretary of State, for echoing the Prime Minister's words in Ottawa yesterday, "Britain must now have the right price, the right quality and the right delivery to live in the world". I make no apology for making a last approach to you in this environment. Brush Electrical Machines has demonstrated on this bid, the lowest price, the best technical presentation and the delivery will be on time. I am, I believe, entitled to ask you to take one final look at the situation to see whether H.M.G. can give us the matching support that I feel we have earned.

Yours sincerely,



... (T.W.B. Sallitt)  
Director.