



VC3ADD  
MA  
cc Hickmet, MP  
FCO  
DTI

10 DOWNING STREET

THE PRIME MINISTER

10 May 1985

*Dear Michael,*

Thank you for your letter of 30 April about Cleveland Bridge's bid for the Second Bosphorus Bridge.

I was very disappointed that Cleveland Bridge were unsuccessful in bidding against the Japanese, despite their well-earned reputation on the first bridge, and despite their very competitive bid for the second bridge alone.

I share your concern about the Darlington factory, and I can assure you that the Government are supporting the company's efforts to secure a share of the bridge section, either on a joint venture or on a sub-contract basis. I have been in touch with the Turkish Prime Minister to encourage this and our Embassy in Tokyo are taking supporting action with the Japanese government. I hope that, even at this late stage, such a solution can be achieved so that some of the work will come to Britain.

On the wider question of support by governments for large export projects, this is a difficult issue which is kept under regular review in such international fora as the OECD. For our part, we are working towards tighter international guidelines in this field. I was particularly concerned at the level and volume of support provided by the Japanese government on the second bridge, and, as you will

SPW

know, I raised the matter vigorously with Mr. Nakasone in the margins of the Bonn Economic Summit last week.

I am copying this letter to Richard Hickmet.

Y  
Lomura  
Raymond  
—

Michael Fallon, Esq., M.P.



DEPARTMENT OF TRADE AND INDUSTRY  
1-19 VICTORIA STREET  
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PS/ Secretary of State for Trade and Industry

9 May 1985

Charles Powell Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
London SW1

Dear Charles,

SECOND BOSPHORUS BRIDGE

I am sending a draft reply to the letter of 2<sup>1/2</sup> May<sup>?</sup> from Mr Fallon MP and Mr Hickmet MP about this project.

2 As you know efforts are now being concentrated on securing some of the bridge work for Cleveland either on a joint venture or sub-contract basis. Towards that end the Prime Minister has written to Mr Ozal, the Turkish Prime Minister. At the same time, our Embassy in Tokyo is talking to the Japanese Ministries of Foreign Affairs and Trade and Industry in an attempt to advance Cleveland's case. Meanwhile the company itself is having discussions with the Japanese firms in the winning consortium.

Yours sincerely,  
Maureen Dodsworth.

MAUREEN DODSWORTH  
Private Secretary

JH2ANV

DRAFT LETTER FOR THE PRIME MINISTER TO SEND TO:

Michael Fallon Esq MP

cc. Richard Hickmet Esq MP

*VCS/100*

SECOND BOSPHORUS BRIDGE

Thank you for your letter of 30 April 1985 about Cleveland Bridge's bid for the Second Bosphorus Bridge.

I was very disappointed that Cleveland Bridge were unsuccessful in bidding against the Japanese, despite their well-earned reputation on the first bridge, and despite their very competitive bid for the second bridge alone.

I appreciate your concern about the Darlington factory, and I can assure you that <sup>share</sup> both we and the company are <sup>the company's efforts to</sup> urgently exploring the possibility of securing a share of the bridge section, either on a joint venture or on a sub-contract basis. <sup>at this stage, such a share</sup> I very much hope that this can be achieved so that some of the work will come to Britain.

On the wider question of support by governments for large export projects, this is a difficult issue which is kept under regular review in such international fora as the OECD. For our part, we are working towards tighter international guidelines in this field. I was particularly concerned at the level and volume of support provided by the Japanese Government on the second bridge, and, as you will know, I <sup>vigorously</sup> raised the matter with Mr Nakasone at the Bonn Economic Summit last week.

*I have been in touch with the Turkish Prime Minister to ensure that...*

*to // an copying this letter to Richard Hickmet.*

JH2ANW

*...and our Embassy in Tokyo are taking appropriate action with the Japanese government.*

TRADE: Non Tariff Barriers  
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10 DOWNING STREET

*From the Private Secretary*

2 May 1985

SECOND BOSPHORUS BRIDGE

I enclose a copy of a letter to the Prime Minister from Mr. Michael Fallon MP and Mr. Richard Hickmet MP about the contract for the Second Bosphorus Bridge.

BK  
I should be grateful for a draft reply by 8 May.

Charles Powell

John Mogg, Esq.,  
Department of Trade and Industry.



MICHAEL FALLON, M.P.

R115

Ack'd 2/5

HOUSE OF COMMONS  
LONDON SW1A 0AA

30th April 1985

Dear Margaret,

cc: MA  
FCO  
DTI

Second Bosphorus Bridge

You will I know be as disappointed as I was to learn, following our meeting earlier this year, that Cleveland Bridge looks like being unsuccessful in its bid for this important project.

I know that the company was very satisfied with the level of support that our Government was able to offer in their negotiations with the Turkish Government; despite this, a letter of intent has now been issued to the rival Japanese consortium.

I hope that before the contract is finally signed our departments will continue to press the British bid, at least for the bridge section itself which would mean a large amount of work for the Darlington factory. If the contract is split in this way or if this can be done on a sub-contract basis, I hope that the appropriate level of cover and aid can again be offered.

The extent to which the Japanese consortium underpriced the other bids also suggests a need for more rigorous international guidelines on the support that governments can offer on such large projects.

In this case the Italian company that formed part of the Japanese consortium was able to offer terms on the roads section that can only have been hugely subsidised. I suggest that action to promote such guidelines might now be urgently initiated at fora such as the forthcoming annual economic summit which both Japan and Italy attend.

Yours  
Michael

Richard  
(Richard) Hickford

The Rt. Hon. Margaret Thatcher FRS MP  
10 Downing Street,  
Whitehall,  
London S.W.1.