



FCS/85/167

CHIEF SECRETARY, HM TREASURY

NBPM
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ECGD Cover For Turkey

1. I have seen Paul Channon's letter of 29 May to you about Kellogg's bid for ECGD cover for work on an ammonia plant in Turkey.

2. While Paul Channon is best placed to judge the overall picture there is a risk that to follow the line proposed will be seen by the Turks as a lack of interest in their market particularly when Kellogg had an inside track. It is also clear, as Paul Channon recognises, that we shall again be subject to public criticism here (pace the Bosphorus Bridge), well founded or not, that we are not doing enough to support British industry in their efforts abroad.

3. Whilst Kellogg may not be able to make a better national interest case on industry and employment grounds than a number of other cases seeking limited financial resources there are a number of features to be advanced in their favour. I understand that several millions pounds worth of ODA equipment has already been supplied in support of the project but not so far used. While this equipment is in good condition now it cannot be expected to remain so indefinitely. It would mean a satisfactory end if ECGD cover were now to be instrumental in the equipment being used and the project completed. It also seems that if Kellogg win this contract it will undoubtedly enhance their chances of future business in Turkey. Lastly, while other projects are at various stages of

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negotiation this project is very near to fruition and should be landed.

4. I hope these considerations can be taken into account in respect of Kellogg. But whatever the outcome of their case it seems vital to finalise ECGD's review of Turkey. British companies need to know their chances of doing business in this important market. Every month of delay while Turkey is effectively off medium term cover is likely to erode our position.

5. I am copying this to EX members and Sir Robert Armstrong.

A handwritten signature in black ink, appearing to read 'G. Howe', written in a cursive style.

GEOFFREY HOWE

Foreign and Commonwealth Office

5 June, 1985

5 JUN 1985

