

FOR N. TOWERS, PRESS OFFICE

BY FAX.

cc: BI, JC, IM
Mr Turnbull
Mr Powell

BOT 032/07

LDW 580/07

DD FCO (DESKBY 071500Z)

DD DTI (DESKBY 071500Z)

GRS 600

UNCLASSIFIED

DESKBY 071500Z

FM TOKYO 071224Z JUN 85

TO IMMEDIATE FCO

TELEGRAM NUMBER 415 OF 07 JUNE

AND TO IMMEDIATE DTI (FOR PS/MR PATTIE, PRESS OFFICE, DT2 AND PEP)

BOSPHORUS BRIDGE: PRESS STATEMENT BY MR PATTIE

1. IN THE COURSE OF HIS OPENING STATEMENT AT AN ON-THE-RECORD BRIEFING ATTENDED BY BRIBBEN (TELEGRAPH), HAMILTON (OBSERVER), TOWNSEND (TIMES), MIKE SMITH (GUARDIAN), SMOODY (FT), DEJONKO (ELECTRONICS TIMES) AND HORSLEY (LOCAL BBC CORRESPONDENT), MR PATTIE SAID, WITH REFERENCE TO MR NAKASONE'S REPLY TO MRS THATCHER ON THE BOSPHORUS BRIDGE:

QUOTE:

WHETHER OR NOT THE LETTER EVER WILL BE PUBLISHED..... IS NOT FOR ME TO SAY BECAUSE I DON'T KNOW. I CAN'T REVEAL THE TEXT OF IT TO YOU BUT YOU'RE AWARE THAT THE CRITICISM OF THE JAPANESE PACKAGE BY THE BRITISH GOVERNMENT..... CENTRED ON THE EXTENT OF THE SOFT LOAN PART OF THE OVERALL PACKAGE - ABOUT 4 TIMES THE SIZE OF WHAT HAD BEEN OFFERED BY THE UNITED KINGDOM, NOW THE JAPANESE GOVERNMENT IN THEIR LATEST COMMUNICATION - AND THIS IS THE ONLY REFERENCE TO IT WHICH I WILL MAKE - ARE SEEKING TO DESCRIBE THIS AS DEVELOPMENT ASSISTANCE RATHER THAN CREDIT WHICH IS OFFERED FOR EXPORT PROMOTION. FRANKLY WE DO NOT FIND THIS A SATISFACTORY EXPLANATION. I'M BOUND TO SAY THAT I THINK IT'S LIKELY TO PRODUCE SOMETHING IN THE ORDER OF HOLLOW LAUBHS IN LONDON, WE FEEL THAT CREDIT-DUMPING OF THAT SORT IS INCONSISTENT WITH THE JAPANESE GOVERNMENT'S RECENT STATEMENTS THAT THEY ARE SEEKING TO RECTIFY THE TRADE IMBALANCE WITH THE WEST, AND AS NORMAN TEBBIT HAS REPEATED IN THE HOUSE THIS WEEK.....THE CONSEQUENCES FOR WORLD TRADE COULD BE SERIOUS IF PROTECTIONIST MEASURES ARE TAKEN LATER THIS YEAR, AS THEY WELL MIGHT BE, BY THE AMERICAN CONGRESS, AND THEREFORE OF COURSE THE BRITISH GOVERNMENT IS LOOKING VERY KEENLY, AND ANTICIPATING VERY KEENLY, WHAT WILL BE IN THE JULY MEASURES.....THE WORD THAT I'VE HAD USED TO ME - NOT A WORD THAT I'VE BEEN USING TO JAPANESE MINISTERS BUT THE WORD THAT'S BEEN USED TO ME - IS THE WORD 'TANGIBLE', THEY ARE SAYING THAT THEY WOULD BE SEEKING TO PRODUCE SOMETHING THAT WOULD BE 'TANGIBLE'. NOW OBVIOUSLY EVERYTHING IS GOING TO DEPEND ON WHAT THIS PACKAGE ACTUALLY CONTAINS. BUT THERE IS MOUNTING CONCERN IN BRITAIN AND I THINK IN OTHER EUROPEAN COMMUNITY COUNTRIES AS WELL THAT WE'VE HAD THESE KINDS OF ASSURANCES IN THE PAST. THEY DON'T SEEM TO BE HONOURED IN THE EVENT, AND THEREFORE THE LIKELIHOOD OF MEASURES BEING TAKEN - AND I HAVE TO EMPHASISE OF COURSE THAT THE UNITED KINGDOM IS NOT IN THE BUSINESS OF TAKING UNILATERAL MEASURES. ANYTHING THAT WE WOULD BE INVOLVED IN, IF AT ALL, WOULD BE AS PART OF EUROPEAN COMMUNITY ACTION - BUT WE HAVE TO BE CONCERNED THAT THE AMERICAN CONGRESS, WHICH APPEARS TO BE QUITE EXCITED ABOUT THIS ISSUE, COULD WELL START THIS AUTUMN TO TAKE SERIOUS STEPS, AND THAT WOULD I THINK NOT BE IN THE GENERAL BEST INTERESTS OF WORLD TRADE. WHERE THE CLEVELAND BRIDGE COMPANY IS CONCERNED, WE WOULD HOPE THAT ON A COMPANY-TO-COMPANY BASIS THEIR WELL-KNOWN EXPERTISE IN THE AREA OF BRIDGE CONSTRUCTION WOULD BE RECOGNISED AND THAT THEY WOULD HAVE AN OPPORTUNITY TO PARTICIPATE IN THE PROGRAMME ON A SUB-CONTRACT BASIS, BUT I DO EMPHASISE THAT THAT IS COMPANY-TO-COMPANY AND NOT SOMETHING WHICH I THINK WOULD RIGHTLY BELONG IN THE GIFT OF THE JAPANESE GOVERNMENT OR SOMETHING WHICH WE WOULD EXPECT THE JAPANESE GOVERNMENT TO SEEK TO DELIVER.

GDP
I don't think we should limit ourselves in this way. UK's financial sector can be unilateral. HT

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UNQUOTE.

2. MR PATTIE REFUSED TO BE DRAWN FURTHER ON THE CONTENTS OF THE LETTER.

3. MR PATTIE MADE THE SAME POINT ON MR NAKASONE'S LETTER IN A SEPARATE RADIO INTERVIEW WITH THE BBC.

GJFFARD