



10 DOWNING STREET
LONDON SW1A 2AA

1 December 1986

From the Private Secretary

Thank you for your letter about the prospects for selling the BAe Advanced Turboprop Aircraft to Greece. I shall make sure that the Prime Minister sees this before the European Council in the hope that she may find an opportunity to raise the matter with M. Papandreou. I will let you know the outcome.

Charles Powell

Sir Raymond Lygo, KCB.



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1 December 1986

From the Private Secretary

BF
I enclose a copy of a letter which I have received from Sir Raymond Lygo asking whether the Prime Minister would be prepared to raise with the Greek Prime Minister, in the margins of the European Council on 5/6 December, the sale of the BAe Advanced Turboprop Aircraft to Greece. I should be grateful for advice and a draft speaking note.

I am copying this letter and enclosure to Colin Budd (Foreign and Commonwealth Office) and to Jill Rutter (Chief Secretary's Office).

Charles Powell

Tim Walker Esq
Department of Trade and Industry

JK



10 DOWNING STREET

CF

Please bring this
forward on

Friday.

MB

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BRITISH AEROSPACE



CCPC
BRITISH AEROSPACE
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LONDON WC2N 5JT
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From: THE CHIEF EXECUTIVE

Direct Line: 01-389 3925

Mr C D Powell,
Private Secretary to the Prime Minister,
10, Downing Street,
London SW1

Ref: DB7/35

28th November 1986

Dear Charles,

BAE ADVANCED TURBOPROP AIRCRAFT (ATP) FOR GREECE

Olympic Aviation (the Greek internal airline) have a requirement for a new (larger) turboprop aircraft to replace their ageing Shorts 330 aircraft and to meet the needs of the expanding Greek tourist industry. British Aerospace is promoting (against determined opposition from the French) our new ATP aircraft to meet this requirement (12 aircraft valued at US\$ 126 million).

To reinforce our bid we have placed work on the ATP with Hellenic Aerospace Industry (HAI) worth US\$ 36 million which will increase to US\$ 75 million if the ATP is purchased.

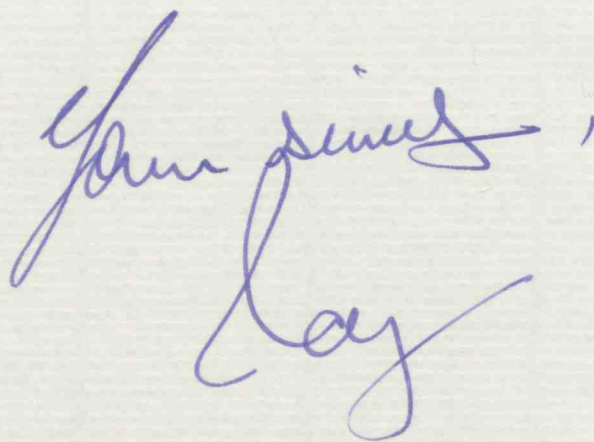
I regard this prospective order for the ATP of the greatest importance and the main civil priority for British Aerospace in Greece. It will be the first major overseas sale of the aircraft which could have the utmost significance in the wider export market in the future (which could be worth up to US\$ 4.2 billion). Our negotiations with Olympic have reached a crucial stage and we are convinced that the final decision will be taken at the highest political levels - possibly before Christmas.

Continued/...

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Knowing that the Prime Minister will be meeting the Greek Prime Minister in London on 5th and 6th December, I believe that it could be vital to our chances of success should the opportunity arise, to take up with him the status of the ATP with Olympic and emphasise the importance that HMG attach to securing this contract. This might be the final factor influencing the decision in our favour. I should add that throughout our sales campaign we have had the fullest support from our Ambassador in Athens (Jeremy Thomas) and his staff who are acquainted with the significance of this issue.

I attach a short background brief on the ATP in Greece.

A handwritten signature in blue ink, reading "Yours sincerely, Ray". The signature is written in a cursive, flowing style.

Sir Raymond Lygo

B R I E F

British Aerospace Advanced Turboprop (ATP)

for Olympic Aviation

(Greek Internal Airline)

- 1 In January 1986 British Aerospace responded to a tender for turboprop aircraft for Olympic Aviation with a proposal for twelve BAe ATPs which is in production in Manchester. The ATP is a modern state of the art turboprop airliner seating up to 72 passengers - a successor to the BAe 748.
- 2 The ATP and other turboprop aircraft were examined by an evaluation committee. The ATP was selected as the best aircraft for economic, technical, operational and commercial reasons. It will satisfy the predicted domestic and inter-island route requirements up to the year 2005 and beyond.
- 3 The cost of twelve ATPs is US\$126 million which is US\$21 million less than the main competitor, a French aircraft. Fifty five percent of the value can be made available from the EEC European Regional Development Funds. However, BAe have confirmed the availability of 100% financing if required and have also guaranteed to buy back the 30 seat turboprops of Olympic Aviation currently in service.
- 4 A most important point is that BAe has already provided Hellenic Aerospace Industry (HAI) with a contract worth US\$36 million to produce flaps for the ATP. The value will increase to US\$75 million if ATP is purchased and will increase further. BAe's commitment to HAI is more than three times that of the competition.
- 5 This is a very important order for BAe and for the ATP. It will be the first export sale and will have a very significant influence on future sales prospects and on employment levels in BAe factories in the Manchester area.



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