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P&O

C/F
For your Moscow
file?
JR 23/2

GR?
Prime Minister
COP 18/2

(4)

With the Compliments of

Sir Jeffrey Sterling, C.B.E.

Chairman

The attached might be of interest, taking account of the
Prime Minister's forthcoming visit.

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YEARS

BOVIS INTERNATIONAL LIMITED

Bovis International Limited, a P&O Company, have in conjunction with Dodsal Private Ltd (an Indian construction company) submitted a turnkey proposal for the construction of two hotels in the Soviet Union. One hotel is to be constructed at Samarkand, at a cost of £43 million, and the other at Bukhara at a cost of £34 million, both in the S.S.R. of Uzbekistan

Payment for the hotels will be made by the U.S.S.R. in Indian rupees and will form part of the Indian/Soviet bilateral trade agreement. The hotels at Samarkand and Bukhara were identified in the Trade Agreement initialled during Mr Gorbachev's visit to India in November 1986.

Bovis International Ltd will provide to Dodsal Private Ltd design and engineering services, together with construction management. Because these projects are viewed by the Indian Government as export contracts, a substantial proportion of the contract value will be authorised for payment by the Indian Government in hard currency. The exact amount of hard currency will depend on the extent of Western technology and equipment the Soviet Union eventually decide will be required in the project, but it could be between 30% and 40% of the contract value.

The Bovis involvement in these two projects would lead to the procurement of services and equipment from the U.K. amounting to £30 million, with the strong possibility of further business opportunities in similar fields. Initial proposals have also been submitted for further hotels at Odessa by Bovis International on a similar basis jointly with the Indian Contractor.

The familiarisation of the Soviet Union with U.K. management techniques, services and goods may also lead to a more direct involvement between the U.S.S.R. and U.K. companies.

