

# dti

the department for Enterprise

The Rt. Hon. Lord Young of Graffham  
Secretary of State for Trade and Industry

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*Dear Charles,*

#### **TURKEY : PRIME MINISTER'S VISIT - PORTALS HOLDINGS**

Thank you for your letter of 4 February attaching a copy of a letter addressed to Bernard Ingham from Mr Julian Sheffield, Chairman of Portals Holdings Plc. In it, Mr Sheffield refers to his company's negotiations for a major water treatment project in Turkey and seeks any support the Prime Minister might be able to give during her forthcoming visit to that country.

Our Projects and Export Policy Division have been in contact with Water Projects International/Paterson Candy International for some time over this project for the construction of a water supply and treatment scheme at Omerli capable of providing 1 million m<sup>3</sup> of water per day to the Istanbul Water and Sewage Administration (ISKI).

The logo features the word "Enterprise" in a stylized, bold font with a curved underline that ends in an arrow pointing upwards and to the right. Above "Enterprise" is the word "the" in a smaller font, and below it is the word "initiative" in a smaller, lowercase font.

the  
**Enterprise**  
initiative



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Final decisions have yet to be taken in Turkey on the method of financing this project. The UK consortium are, as indicated in Mr Sheffield's letter, proceeding on the basis that this is likely to be a Build, Operate and Transfer project. The total estimated cost is £200m and the UK consortium (WPI/PCI and Costains) estimate a UK content of £95m. WPI/PCI are discussing with this Department the possibility of some limited financial support towards the cost of feasibility studies which will assist them in taking their proposals forward. They will, no doubt, wish in due course to submit an application for ATP support for their bid. They are also discussing with ECGD the cover which might be available for a project of this nature and magnitude.

While detailed negotiations are at least 6/9 months off, it seems clear that the Turkish Authorities are intent on proceeding with this project. Considerable work still has to be done (not least with ECGD who will wish to consider their overall exposure on Turkey and their position on what could be a second BOT project in a single market). The UK consortium does, however, have a good reputation and appears to be making every effort to win this business. Given that it is likely that the Turkish side will wish to refer to this project, the Prime Minister will require briefing.

Clearly, the range and tenor of the Prime Minister's discussions on commercial matters will be dictated by the outcome of the current negotiations involving the Trafalgar House Group for the third Bosphorus Bridge contract.

The terms of an encouraging, but non-committal, Private Secretary reply to Mr Sheffield have been cleared with the FCO. This letter is copied to Tony Galsworthy (Sir Geoffrey Howe's office).

Yours sincerely  
Stephen Ratcliffe

STEPHEN RATCLIFFE  
Private Secretary

