

CONFIDENTIAL

Prime Minister
You may like to
see this personal
letter from
Alan Clark.

Charles Powell Esq

9th March 1988

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Chab,

MEETING BETWEEN MFT AND AZIL NADIR 8 MARCH

Mr Azil Nadir is the Chairman and owner of 25% of Polly Peck, a trading company valued by the Stock Exchange at £400 million. He is a Turk by birth and a naturalised British subject. He has a number of close contacts with Turkish business, journalism and politics and is on friendly terms with several of the Ozal family. On Monday we had a private meeting at his request.

Nadir took some years to be 'accepted' - even to today's rather grudging level - by the City. There have been several bear raids on his stock over the last years. And, equally suspect, 'ramps' that have tried to counter their effect. And it must be said that Nadir's attitude (and I suspect ethics) remain essentially Levantine. This brings advantages as well as caveats. While deceit is regarded as a legitimate weapon, hypocrisy is a waste of time. This means conversation flows at a fast pace, stripped of small talk, which I find congenial.

Nadir is very anxious that the Prime Minister's visit to Turkey should be a success and is keen to do all he can to help. I judge his motives as springing from a desire to consolidate his position in Turkish ruling circles and his claim to have working contacts in the British Government; simultaneously to advance his status in the United Kingdom as someone who should be taken seriously.

First, speaking generally about prospects in Turkey, Nadir said that measures were now in hand to correct inflation which had been

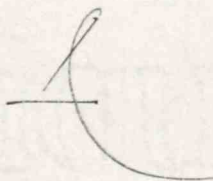
allowed to advance in the run up to the election, and that public spending both nationally and locally would be cut back. This made it all the more important that Britain should know which contracts were 'real' and prepare the ground carefully.

With engaging candour Nadir said that it was always desirable to fix who got what before the tender stage. I asked him if this applied to the Third Bosphorus Bridge. "But of course". Nadir made the following points:-

1. The Mayor of Istanbul was not well disposed, but his power was diminishing rapidly. Ozal had needed him 'for Party reasons' before the elections but now regarded him as a liability although there were still certain 'old loyalties'.
2. There was an expectation in Turkey that the Prime Minister would press hard for the Bridge, and battle lines were being drawn in the press and elsewhere between the two schools.
3. Questions of terms and price on which you (letter of 25 February) anticipated a 'squeeze' would not necessarily be the primary determining factors.
4. If the Prime Minister really wanted the Bridge she could probably have it but he recommended the following tactics:
 - a Set the tone as early as possible by making a reference to Turkey's EC application.
 - b It was not (emphatically not) necessary that this should be supportive, but it was crucial that it "should not be negative". A non-committal reference would do, but it must be in ~~the~~ ^a speech not as eg an aside to a journalist.
 - c There should be only one public mention of the bridge. It would be undignified and counterproductive to repeat this.
 - d Even at governmental meetings it was not desirable to be repetitious. "Some may be present who had other ideas of favoured candidates."
 - e Nadir was not sure if Trafalgar House were really using the right contacts themselves. But he himself will be hovering throughout the visit and would like a name in Private Office to contact if it should be needed (I have not yet passed on yours to him).

Plainly a certain finesse is required. Nadir will be presenting himself to the Turkish Government as someone who can secure British advocacy of the Turkish case for EC membership as the counterweight to his claims to be able to arrange entries for British industry. It is for you to judge how this card should be played. Nadir is very clear headed, not vindictive, no chips on the shoulder, not even, in the narrow sense, greedy. In some ways he reminds me of those Pakistani entrepreneurs with impeccable Scots accents who operate so efficiently in the textile trade in Glasgow. He is not 'bad company'. I doubt if he would indulge in the scale of financial crookery which brought down eg Saunders or Boesky. I think also, that he has now got big enough, and sufficiently important for the Turkish Government themselves to bail him out if he looked like crashing in the City.

Nadir has set his sights on future recognition, in more than one sense. And undoubtedly he has close contacts in Turkey and know-how. As he said, "so much work is done in the coulisses". It is not accidental that the adjective Byzantine derives from that country's capital city.



ALAN CLARK