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FM ANKARA
TO DESKBY 271530Z DTI
TELNO OTTER 0085
OF 271500Z APRIL 88
INFO IMMEDIATE ISTANBUL
INFO ROUTINE TOKYO FCO

FOR WHEELER PEP1

YOUR OTTERS 99 AND 100 AND PATERSON'S TELELETTER OF
26 APRIL (NOT TO TOKYO): THIRD BOSPHORUS BRIDGE AND
ISTANBUL EXPRESSWAY

1. I WENT TO SEE GAZI ERCAL (DIRECTOR GENERAL, INTERNATIONAL
ECONOMIC AFFAIRS) AT THE TREASURY THIS AFTERNOON AND
ASKED HIM TO CLARIFY THEIR POSITION. HE SAID THAT TO THE
BEST OF HIS KNOWLEDGE THE POSITION REMAINED AS IT
WAS WHEN YUSUF OZAL SAW LORD YOUNG. THE PROJECT WAS
NOT (NOT) INCLUDED IN THE 1988 INVESTMENT PROGRAMME BECAUSE
THE TREASURY WANTED TO AVOID HAVING ANOTHER LARGE
PUBLIC PROJECT FINANCED BY FOREIGN CREDITS.

YUSUF OZAL HAD LOOKED FOR OTHER WAYS OF ENABLING THE
PROJECT TO GO AHEAD AND HAD OPTED FOR A BOT OR
BLT (THE 'L' STANDING FOR LEASE) FORMULA (WHICH WAS AN
APPROACH HE LIKED). HE ALSO CONSIDERED THAT THE EXPRESSWAY
AND BRIDGE PROJECTS ONLY MADE SENSE TOGETHER AND SO WISHED TO
COMBINE THEM.

2. TARMAC/WIMPEY APPEAR TO HAVE BEEN GIVEN A SOMEWHAT MISLEADING
ACCOUNT, PRESUMABLY BY ERGUDER, OF THE TREASURY'S POSITION AT
LEAST AS FAR AS ERCAL'S DEPARTMENT ARE CONCERNED (AND THEY NORMALLY
CONSIDER THEMSELVES RESPONSIBLE FOR THE BRIDGE AND HIGHWAY
PROJECTS).

MR PATERSON HAS NOW SPOKEN AGAIN THIS AFTERNOON TO ERGUDER,
WHO BACK-TRACKED SOMEWHAT ABOUT THE TREASURY INVITATION TO TWEAK,
AFTER BEING TOLD THAT ERCAL KNEW NOTHING OF SUCH AN INVITATION.
ERGUDER HAS NOW SAID THAT SELIM EDES, (ESKA) HAD HEARD
FROM DALAN THAT YUSUF OZAL HAD EXPRESSED A WISH TO TALK TO THE
TWEAK GROUP. DALAN PLANNED TO CONTACT THE TREASURY TO TRY TO
SET UP A MEETING ON 9/10 MAY. (I WOULD BY NO MEANS RULE OUT

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YUSUF OZAL SEEING TWEAK, IF THE LATTER SO WISH, BUT IF HE DOES HE WILL PRESMABLY TAKE THE VIEW IN PARA 1 ABOVE).

3. MEANWHILE WE HAVE ALSO SPOKEN TO THE SPO (WHO BECOME THE LEAD GOVERNMENT DEPARTMENT IF A PROJECT IS ON A BOT BASIS). THEIR POSITION REMAINS THAT THEY HAVE AUTHORISED A FEASIBILITY STUDY FOR THE EXPRESSWAY PROJECT, BUT NOTHING MORE.

4. IT IS NOT EASY TO EXPLAIN WHY DALAN SHOULD HAVE TOLD SELIM EDES THAT IT WAS WE, NOT HE, WHO WANTED THE PROJECTS COMBINED WHEN HE HAS SAID THE VERY OPPOSITE TO THE AMBASSADOR. ISTANBUL MAY HAVE VIEWS.

5. THE AMBASSADOR, WHO IS ON HIS WAY TO LONDON TODAY, WILL BE IN TOUCH ABOUT THE APPROACH SUGGESTED IN YOUR OTTER 99. GIVEN THESE LATEST DEVELOPMENTS WE SHALL NEED TO DECIDE WHETHER TO GO BACK TO DALAN TO TRY TO GET HIM TO CLARIFY HIS POSITION, OR ELSE PRESENT HIM WITH A NEW COUNTER PROPOSAL DESIGNED TO SHIFT HIM IN THE DIRECTION WE WANT. THE ONE CONSTANT (PATERSON'S TELELETTER UNDER REFERENCE) SEEMS TO BE HIS DETERMINATION TO BRING STFA IN ON THE DEAL.

HUMFREY

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S. Gray
31/5/16

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