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TO IMMEDIATE ANKARA
TELNO OTTER 99
OF 251800Z APRIL 88
INFO PRIORITY ISTANBUL, TOKYO

FROM WHEELER, PEP1
YOUR OTTERS 82 AND 83: THIRD BOSPHORUS BRIDGE AND ISTANBUL EXPRESSWAY

1 THANK YOU FOR THE REPORT ON YOUR TALK WITH MAYOR DALAN AND FOR YOUR ADVICE AND SUGGESTIONS, WITH WHICH WE BROADLY AGREE.

2 IT MAY BE HELPFUL FOR YOU TO HAVE AN INDICATION OF THE WAY THINGS ARE DEVELOPING. FOLLOWING YUSUF OZAL'S CALL ON LORD YOUNG (AND FLETCHER, TRAFALGAR HOUSE WAS ABLE TO SEE HIM SEPARATELY), AND ENQUIRIES TARMAC/WIMPEY HAVE BEEN MAKING IN TURKEY, ALL THREE COMPANIES HAVE ACCEPTED THAT THE TURKS, FOR A VARIETY OF REASONS, SOME CONFLICTING, ARE GOING FOR PROJECTS WHICH WILL BE LINKED IN SOME WAY, AND THAT THINGS ARE NOT LIKELY TO MOVE FAST. TARMAC/WIMPEY WOULD STILL WISH TO EXTRICATE THEMSELVES AND CONTINUE TO HOPE THAT THEIR PROJECT WILL BE CONCLUDED SEPARATELY. CLEVELAND BRIDGE REMAIN ADAMANT THAT THE BROWN DESIGN REMAINS NO MORE THAN A SKETCH, IS UNLIKELY TO BE SUITABLE FOR THE CONDITIONS OF THE BOSPHORUS, IS INADEQUATELY COSTED MERELY ON THE BASIS OF BILLS OF QUALITY AND ON OUTDATED PRICES OF STEEL, WILL BE INCAPABLE OF ATTRACTING INTERNATIONAL FINANCIAL SUPPORT AND IS UNLIKELY TO PROGRESS. THEY ACCEPT, HOWEVER, THAT TURKISH PERCEPTIONS, AND PARTICULARLY THAT OF MR DALAN, ARE DIFFERENT.

3 WE BELIEVE THE PRIME MINISTER WILL WISH TO PUT A COUNTER-PROPOSAL TO THE TURKS BY ABOUT 30 APRIL. DRAWING UPON THE GOODWILL ENGENDERED BY THE PRIME MINISTER'S VISIT, WE WOULD LIKE TO TRY TO GET THE TURKS TO ACCEPT A TURKISH-UK JOINT VENTURE APPROACH ON THE BASIS OF A NEGOTIATED CONTRACT. WE ARE THINKING OF PROPOSING TO THE TURKS THAT WE SHOULD FINANCE FROM AID FUNDS SOME OR ALL OF THE OFFSHORE COSTS OF AN EVALUATION, TO BE CARRIED OUT BY CONSULTANTS. IT WOULD SEEK TO VALIDATE A DESIGN FOR THE BRIDGE (QUEERING BROWN'S PITCH OR ENABLING CBE TO SATISFY THEMSELVES THAT SOMETHING ON THESE LINES WAS SOUND): INCLUDE THE INITIAL SURVEY/DESIGN PHASE OF THE EXPRESSWAY PROJECT (SAVING THE TURKS TIME AND MONEY): LOOK AT THE INTERFACE BETWEEN THE

TWO PROJECTS: AND DETERMINE THE BEST WAY OF FINANCING THE PROJECT IN ITS ENTIRETY. OUR OFFER OF SUCH AN EVALUATION, WHICH WOULD TAKE SEVERAL MONTHS, WOULD BE CONDITIONAL UPON THE TURKS ACCEPTING THAT THE PROJECT WOULD BE A TURKEY-UK JOINT VENTURE, ALTHOUGH THERE WOULD BE JAPANESE AND OTHER FOREIGN PARTICIPATION AND FINANCING.

4 WE WOULD NOT PROPOSE TO IMPROVE THE AID OFFER BUT WOULD GIVE AN ASSURANCE OF AID SUPPORT FOR A LINKED PROJECT ON TERMS ACCEPTABLE TO US. WE MIGHT SUGGEST THAT IF THIS APPROACH WERE IN PRINCIPLE ACCEPTABLE, A TEAM OF OFFICIALS SHOULD VISIT TURKEY TO DISCUSS THE STATUS OF THE PROJECT WITH BOTH THE GOVERNMENT AND MUNICIPALITY AND NEGOTIATE TERMS OF REFERENCE.

5 DO YOU AGREE THAT IT MIGHT BE A GOOD IDEA IF THE PRIME MINISTER WERE TO WRITE SIMULTANEOUSLY TO THE TURKISH PRIME MINISTER OUTLINING WHAT SHE HAS PROPOSED TO MAYOR DALAN? WE NEED TO STRENGTHEN UK-TURKISH GOVERNMENT HANDLING OF THIS PROJECT, ALTHOUGH WE RECOGNISE THAT DALAN REMAINS THE KEY PLAYER.

6 THERE COULD BE SOME ATTRACTION IN ALL THIS FOR DALAN, PARTICULARLY IF HIS ROBUST ADVOCACY OF THE STFA/BROWN DESIGN, HAS AN ELEMENT OF BLUSTER IN IT. UNDOUBTEDLY STFA WOULD HAVE TO BE SUBSTANTIALLY CUT IN, AS DALAN SEEMS COMMITTED TO THEM. THE CENTRAL GOVERNMENT MIGHT ALSO SEE VIRTUE IN A STUDY WHICH WOULD IN PRACTICE CAUSE DELAY.

7 I MUST EMPHASISE THAT ALL OF THIS IS VERY PRELIMINARY THINKING AND STRICTLY FOR YOUR OWN INFORMATION. IT DOES NOT HAVE THE AGREEMENT OF THE COMPANIES OR OTHER GOVERNMENT DEPARTMENTS.

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