

CONFIDENTIAL

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MDHIAN 9004

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FM ANKARA
TO IMMEDIATE DTI
TELNO OTTER 0091
OF 110830Z MAY 88
INFO PRIORITY FCO, ISTANBUL
INFO ROUTINE TOKYO

FOR WHEELER, PEP1

MIPT: THIRD BOSPHORUS BRIDGE AND ISTANBUL EXPRESSWAY

1. DALAN SEEMED IN NO WAY PUT OUT, OR RESENTFUL - RATHER THE REVERSE. ON THE FACE OF IT, THE OUTCOME OF OUR EXCHANGE WAS NOT TOO BAD. THE EXPRESSWAY OUGHT TO BE AWARDED TO TARMAC/TWEEK AND DALAN WILL PUSH FOR IT TO GO AHEAD WITHOUT DELAY. AN EXACTING ASSESSMENT OF THE STFA DESIGN IS CONTEMPLATED AND TH/CB CAN GET BACK INTO THE HUNT IF THE STFA DESIGN IS AS UNSOUND AS TH/CB SAY. IN THE WORST CASE, BRITISH STEEL AND OTHER PROJECTS MAY STILL BE BOUGHT IF COMPETITIVE. INCIDENTALLY WE WILL NOT HAVE TO FINANCE STUDIES AT A COST OF POUNDS ONE MILLION.

2. THERE ARE TWO LIKELY SNAGS. FIRST, TREASURY REITERATED TO US YESTERDAY THEIR DOUBTS ABOUT THE PROPOSED FINANCING OF THE EXPRESSWAY. THEY ARE STILL PRESSING FOR BOOT OR LEASING TO BE TRIED. WHETHER THEY OR DALAN WIN, AND WITH WHAT DELAY, REMAIN TO BE SEEN. SECONDLY, DALAN MAY HAVE SECOND THOUGHTS. HIS REACTIONS REPORTED IN MIPT WERE MADE AFTER A SINGLE READING OF OUR TRNSLATION OF THE PRIME MINISTERS LETTER. WHEN HE AND HIS ADVISERS HAVE REREAD THE SMALL PRINT, HE MAY, EG, WANT TO TAKE UP THE OFFER TO FINANCE A SITE INVESTIGATION (HAVING, IN EFFECT, GIVEN VIA ME HIS PERSONAL ASSURANCE THAT HE WILL PROCEED WITH THE TWEEK JOINT VENTURE).

3. I AM INCLINED TO ACCEPT DALAN'S EXPLANATAION OF HIS MOTIVES IN SUGGESTING A COMBINED PROJECT (PARA 2 OF MIPT) - AND HE MAY HAVE BEEN UNDER PRESSURE FROM OZAL. IT WOULD EXPLAIN THE CONTRADICTORY TARMAC AND TH/CB READINGS OF TURKISH VIEWS ON COMBINING THE PROJECTS.

4. IN THE LIGHT OF DALAN'S INITIAL REACTION TO IT, I RECOMMEND AGAINST PRESSING OUR LATEST OFFER, PARTICULARLY AS I REMAIN SCEPTICAL ABOUT THE THIRD BRIDGE BEING PROCEEDED WITH IN THE NEAR

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FUTURE. I AM THEREFORE TRYING TO RETRIEVE THE PRIME MINISTER'S LETTER TO THE TURKISH PRIME MINISTER, WHICH WAS DELIVERED SIMULTANEOUSLY WITH MY CALL ON DALAN. IT MIGHT, IN THE ALTERED CIRCUMSTANCES, RISK ANKARA REESTABLISHING LINKAGE BETWEEN THE TWO PROJECTS AND DELAYING BOTH. I THEREFORE THINK IT BETTER, UNLESS YOU INSTRUCT ME TO THE CONTRARY, TO REMOVE IT FROM THE OFFICIAL RECORD.

5. OTHER RECOMMENDATIONS IN MIFT.

DAUNT

YYYY

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MR MILLETT, APD, ODA

MR TEGID JONES, TREASURY

MR TWYFORD, ECGD

MR GEORGE, PD4, ECGD

PS/NO.10 DOWNING STREET

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