

19/16/6

CONFIDENTIAL

141051
MDLIAN 5639

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FM ANKARA
TO PRIORITY DTI
TELNO OTTER 0113
OF 160640Z JUNE 88
INFO PRIORITY FCO, ECGD, ISTANBUL
INFO ROUTINE TOKYO

c Mr Mellett (ODA)
Mr George (ECGD)
Mr Heard (ODA)

FOR WHEELER, PEP1 AND OT4

ISTANBUL TEL NO OTTER 30:

THIRD BOSPHORUS BRIDGE AND ISTANBUL EXPRESSWAY

1. DALAN'S LETTER IS ENCOURAGING ABOUT THE EXPRESSWAY BUT WE CANNOT TAKE IT AT FACE VALUE. IT APPEARS THAT THERE IS STILL NO FORMAL DECISION BY THE TURKISH GOVERNMENT TO GO AHEAD WITH THE PROJECT. I SOUGHT THE REACTION OF CANEVI (HEAD OF TREASURY) ON 15TH JUNE. HE SAID THAT HE HAD JUST HAD A QUOTE FURIOUS ROW UNQUOTE WITH DALAN (CF MY MINUTE OF 8 JUNE). THE SITUATION WAS NOT AS DALAN REPRESENTED IT: IT REMAINED ''CONFUSED''. HE PREFERRED NOT TO GIVE ME A DEFINITE VIEW BEFORE THE RETURN OF YUSUF OZAL (WHO IS IN GERMANY UNTIL 16 JUNE).

2. OUT NEXT STEP DEPENDS THEREFORE ON WHAT YUSUF OZAL HAS TO SAY. I SHALL TRY TO SEE HIM AS SOON AS POSSIBLE AFTER HE RETURNS.

3. IT WILL NOT HAVE ESCAPED YOU THAT DALAN ASKS FOR #600,000 JUST FOR SITE STUDIES ON THE EXPRESSWAY, PAID DIRECT TO THE MUNICIPALITY. HE MAKES NO MENTION OF THE BRIDGE AND IGNORES OUR PROPOSED ''NEXT STEP'' OF A VISIT BY A TEAM OF OFFICIALS.

4. IF IT IS CONFIRMED THAT THE EXPRESSWAY IS TO GO AHEAD WITH TOP PRIORITY ON A CONVENTIONAL FINANCING BASIS, YOU WILL WANT TO BE SURE OF GETTING A SATISFACTORY CONCLUSION TO TWECK'S NEGOTIATIONS ON THE CONTRACT BEFORE ADVANCING ANY MONEY FOR STUDIES (USE CAN BE MADE OF THE REFERENCE IN DALAN'S LETTER TO ''AGREEMENT OF TWO PARTIES ON THE CONDITIONS OF THE CONTRACT''). TARMAC AND WIMPEY'S ADVICE MAY BE NECESSARY.

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5. YOU WILL ALSO NEED TO CONSIDER WHETHER A VISIT BY A TEAM OF OFFICIALS IS REALLY NECESSARY IN THE NEW CIRCUMSTANCES WHEN ONLY ONE ELEMENT CAN BE MET. ON THE LATTER ISSUE, IT MAY BE THAT THAT SUM SHOULD BE REGARDED AS THE FINAL AID ELEMENT NEEDED TO CLINCH THE DEAL, RATHER THAN QUIBBLED OVER.

6. DALAN'S OMISSION OF ANY REFERENCE TO THE BRIDGE IS DOUBTLESS SIGNIFICANT. THE PRESS THIS WEEK HAS BEEN SAYING THAT DALAN HAS LOST HIS BATTLE WITH THE SPO. DALAN IS QUOTED AS SAYING THAT IT HAS BEEN POSTPONED TO NEXT YEAR. ON THE BRIDGE TOO, I HOPE FOR MORE DEFINITE INTELLIGENCE FROM YUSUF OZAL BUT IT SEEMS INCREASINGLY LIKELY THAT IT IS INDEED TO BE POSTPONED.

DAUNT

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TUESDAY: Phi's Union, Feb 88

7PM

