

D/Sales/37/2/4

NOTE OF A MEETING HELD IN ANKARA ON 3RD NOVEMBER 1988

## Present:

UK:	Mr Timothy Sainsbury	USofS(DP)
	Mr T L A Daunt	HMA Ankara
	Brigadier S T W Anderson	DA Ankara
	Mr W G Byatt	ARMD4b
	Miss D J Brothers	APS/USofS(DP)
Turkey:	Mr Ercan Vuralhan	Minister of Defence
	Lt Gen H Undul	Under Secretary of Defence
	Ambassador J Baytok	Political Adviser to Mr Vuralhan
	and others	

1. Mr Vuralhan remarked that Mrs Thatcher's visit had been a milestone in Anglo-Turkish relations, particularly in the field of defence joint ventures involving transfer of technology. He said that he enjoyed very good relations with Mr Younger in NATO and IEPG meetings.

2. Mr Sainsbury replied that in this context it gave him much pleasure to be able to deliver a letter to Mr Vuralhan from the Secretary of State offering English language training for up to 20 Turkish students a year. Mr Sainsbury said that HMG gave the highest priority to helping British companies who were trying to set up joint ventures in Turkey, and said that towards this end a post had been recently established at the British Embassy in Ankara.

3. Mr Vuralhan said that he wanted to see British industry well established in Turkey and believed that to achieve this HMG would have to provide direct support. Mr Younger had given him encouragement on the question of finance; perhaps an MOU between the two Governments would provide a framework within which projects could develop. The Turkish Cabinet had asked Mr Vuralhan to say that they hoped the UK would take the lead in backing the NATO Secretary General's new initiative to assist Turkey. It was important to recognise that Turkey needed external support to modernize her armed forces.

4. Mr Sainsbury replied that the UK had an important role to play in developing not only Turkey's armed forces but also her industry. British equipment sold worldwide and the UK would be less restrictive than some NATO allies when it came to selling equipment produced as a result of joint ventures. However, on the question of direct financial assistance it was important that HMG's position was clearly understood. Mr Sainsbury explained that, although HMG could provide credit support through ECGD, we had, unlike some of our allies, no military aid programme and no plans to create one. There was no tradition in the UK of providing direct military aid and this was unlikely to change.

5. Mr Vuralhan said that he was not primarily concerned with direct financial aid; he wanted to see the UK contributing to the levels of support that were recently proposed by Dr Worner for



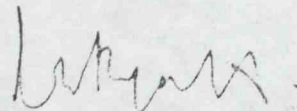
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Turkey, Greece and Portugal. The Netherlands were "a marvel" at setting up small but symbolically significant assistance programmes such as their gifting of F5s to Turkey. Mr Ozal had said that he would like to see the UK involved in such an exercise.

6. Mr Sainsbury commented that an early success for one of the British companies with a joint venture proposal on the table would help to encourage other companies in the UK. Mr Vuralhan said that Marconi and Plessey were both well placed for the HF SSB radio contract, on which a decision should be taken before the end of the year. Mr Sainsbury remarked that Mr Ozal had told Mrs Thatcher that a decision would be taken by the end of July. Mr Vuralhan replied that various tests required to evaluate the requirement had taken longer than expected, confirmed that nothing more was expected from Marconi or Plessey, but added that the British companies would be seeking a long-term soft loan from HMG to support their proposals. He said that Britain's competitors typically offered credit over twenty years with a five year grace period and soft interest rates.

7. Mr Sainsbury enquired about progress on the 3D radar competition and in particular whether the radar and C3 requirements would be handled separately. Mr Vuralhan confirmed that they would be and that the project was reaching its final stages.

8. Mr Vuralhan said that he would like to make a few points in conclusion. He wished that British Aerospace were more active in Turkey; he believed that they were not well represented. In general he hoped to see more activity from British companies in proposing joint ventures that had the full support of HMG and that might lead to sales in the Middle East. On this final point Mr Sainsbury repeated that the UK would be more flexible than some other NATO allies.



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