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Secretary of State

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VISIT TO TURKEY : 2 NOVEMBER TO 6 NOVEMBER 1988

1. I visited Turkey at the beginning of this month to develop further the good relations between our two Countries and help promote British Defence Sales.
2. During the first full day of business in Ankara, I had meetings with General Yazgan, Chief of the Turkish General Staff, Mr Vuralhan, the Minister of National Defence and Mr Erdem, Chief of the Defence Industries Development Association (DIDA); I also visited the MKEK facilities at Kirikkale. In my meeting with General Yazgan I was able to give him the good news about the English language training. I also took the opportunity to remind him that many good training courses were available in the UK (as I understand that Turkey does not take up many places at present) and asked them to keep in touch with our staff about which courses they might wish to attend.
3. My meeting with Vuralhan was the most significant of the day. I passed on your good wishes to him and also delivered your letter which made the offer of English language training. Although the meeting was relaxed, I was obliged to put my cards on the table about Military Aid - this was received with no comment at the time. Unfortunately, the Turkish government feel that we should be doing more to help especially in the light of the Prime Minister's visit, and I had cited to me the various equipment donations made by other NATO countries. I know that the Department has looked at what might be available as a gift and found nothing but I believe we are duty bound to look again. I did make the point that the British government did not intend to stand in the way of technology transfer, as is the case with other countries such as the US and Germany. However, I have since learnt that the Turkish government have chosen not to take on board the more positive points made, but are dwelling of the more negative aspects of our relations - namely no Military Aid and no forthcoming gifts of equipment. A detailed record of this meeting is attached.

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4. The meeting with Mr Erdem (DIDA) appeared to go well and I was able to find out the latest position of a number of projects and a little of their future equipment requirement. A detailed record of this meeting is also attached.

5. The following day I travelled to Istanbul. My first port of call was the Taskizak Dockyard, which has been established since 1455. The dockyard seemed to be run very well; the yard's work was split 70% repair and 30% new construction. Each naval repair yard has particular vessels allocated to them and Taskizak has 165 assigned to it. The Turkish Navy design and build their own ships - the majority of the vessels are small, although the range of vessels covers patrol craft, auxiliary vessels, landing craft, minelayers, submarines and frigates. They also hope to build a new design of minesweepers and are considering working with Vosper Thornycroft. At present no private yards in Turkey undertake naval builds as they do not possess the necessary infrastructure. The Admiral believed that private yards could not compete with their own standard of work and was sure that if competition was introduced the Naval yards would win.

6. My next visit was to the Otokar factory where Landrovers are produced under license. This venture has proved very successful and the end products looked every bit as good as its British-made counterpart. It is an interesting venture partly because there has been little investment in tooling-up and it is very man-intensive; the reason for this is that the size of the prospective market could not justify heavy investment in equipment. Although the techniques used by Otokar were not highly advanced the working conditions for the employees were pretty good; quite a marked difference to the MKEK factory at Kirikkale which seemed to have no concept of health and safety for its employees - indeed much of the production machinery there was pre-first world war vintage and the conditions for employees would be comparable to those at the beginning of the century in the UK. While I was in Istanbul I also saw the Land Force Command Ordnance Main Repair Factory at Tuzla where the Army are still producing 1940's design jeeps and their spare parts on an assembly line. Therefore, this trip illustrated the disparity in industrial and technological development in Turkey. It is worth noting that the Asselsan factory which the Prime Minister visited this year is comparable with the level of technology found in the rest of Northern Europe.

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7. My last official call on my trip was to the First Army Command at Scutari where I met General Guresh, whom I understand you have met. I had an interesting discussion with him and he expressed his desire to have British equipment. In particular, he expressed his enthusiasm for Landrovers and Law 80. I was also interested to note that he was not interested in having the cheapest equipment but rather the most cost-effective and he acknowledged that through-life costs were an important consideration. I think it is a good omen that a Turkish General has such a positive attitude towards British products.

8. In summing up my visit to Turkey I should stress that there are many opportunities for British industry to break into the Turkish defence market, as long as they accept that the Turkish government is committed to building equipment in Turkey by means of joint ventures and technology transfer. I believe that the Turkish Defence Ministry has finally acknowledged the truth as far as Military Aid is concerned, even if it is unwelcome news, and I think that the next few months will be a decisive period. I hope that they will choose to continue business with the UK as there is much equipment and technology which they would like to have. If they cannot accept that no aid is forthcoming and continue to try and obtain it then it will be a loss not only to British industry but also the Turkish Armed Forces; I hope that they will make the wise decision and with any luck an early UK order will be forthcoming.

(TIM SAINSBURY)