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USofS(DP) V4/89

14 June 1989

PARLIAMENTARY UNDER-SECRETARY OF STATE
FOR DEFENCE PROCUREMENT

Secretary of State

VISIT TO TURKEY: 1 MAY TO 4 MAY 1989

I visited Turkey at the beginning of last month to attend the second International Defence Equipment and Aviation Exhibition (IDEA 89). Although the Exhibition was on a limited scale and was not as well attended as such exhibitions as our RNEE, BAEE and Farnborough Air Show, it was very well attended by British industry, as well as many other countries. While I was there I had the opportunity to visit all the UK exhibitors and their view was that attendance had been worthwhile and this year's Exhibition was much better than last time. Generally, the Exhibition was efficiently organised.

2. As yet I have not been informed of any sales made by the British companies who attended the Exhibition. However, if the contract for the HFSSB radios is signed with Marconi I am sure it will encourage many of those who attended the Exhibition to consider forming joint venture companies.

3. While I was in Ankara I took the opportunity to make a number of calls, and the records of these meetings are attached. I had the opportunity to renew my acquaintance with General Undul, who only the week before had had a very useful visit to the UK, and Mr Vahit Erdem (Head of DIDA). I also had my first meeting with Mr Giray with whom I had a very useful discussion; I also had the opportunity of a less formal conversation when I sat on his right at the Exhibition dinner. He asked me to pass on his kind regards to you and spoke warmly of the meeting that he had with you. I think that the presence of a UK Minister was much appreciated.

4. In conclusion, although this was a short visit, I think it will have helped develop still further the relationship between the Turkish Government and ours, and perhaps more importantly bring Turkish and British companies closer together.

(TIM SAINSBURY)

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USofS(DP) V4/89

MEETING BETWEEN US OF S(DP) AND MR VAHIT ERDEM, CHIEF OF THE
DEFENCE INDUSTRIES DEVELOPMENT ASSOCIATION (DIDA)

Those in Attendance:

The Hon Timothy Sainsbury
US of S(DP)

Mr Timothy Daunt
British Ambassador

Brig Stuart Anderson
Defence Attache

Mr William Byatt
ARMD4

Miss Debbie Brothers
APS/US of S(DP)

Mr Vahit Erdem
Chief of the Defence Industries
Development Association

Mr Aslay
Adviser to the Turkish President

1. US of S(DP) said that he had been very encouraged to see bilateral relations going so well; UK companies attending the IDEA exhibition had given a positive feedback. Mr Erdem said that he thought the exhibition had been going well, but he hoped that the next one would be even better. He said that he thought every 3 years might be better than every two years, as it was costly to arrange exhibitions. US of S(DP) said that British firms were keen to collaborate, but he was concerned that as yet there had only been talking and waiting for action. However, he had been pleased to learn from Mr Giray that HFSSB should be signed by the end of June. Mr Erdem said that he too hoped that this contract would be signed in the near future. US of S(DP) asked that any problems arising should be referred to the Embassy. He said that the signing of the contract would be of great encouragement to other UK firms. Mr Erdem said he was keen to have reliable joint ventures, and he was anxious to ensure that the contract was right and had already discussed matters with Marconi on two occasions. US of S(DP) said that he thought there might be scope for some spin-off from a defence electronics activity to civil industry. Mr Erdem agreed that this was a possibility. US of S(DP) said that he would expect that once such a joint venture had been established it will be easier to set up the next joint venture with UK industry.

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2. Mr Erdem then raised the Armoured Vehicle (M113) contract with FMC and said they still had financial details to sort out, especially as there would be many sub-contractors. New proposals had recently been made to the Turkish Treasury and they were currently considering them. He did not believe that FMC would have too much difficulty with the financial package. He was concerned that companies should not back out of deals and he explained that although the FMC package had been effective at the beginning of 1989 it had been suspended for the time being. He said that if the FMC contract continues there will be competitions for turrets, guns, night vision equipment, suspension and engines. He said that they had decided on the improvement programme as there were a large number of M113s in NATO countries and elsewhere in the world - and everyone would like to see it modernised; he hoped that it would lead to export work.

3. Mr Erdem then raised the mobile radar, and said that he hoped that a decision would be taken within two months; it had a high priority.

4.. US of S(DP) asked about FH70 155mm collaboration with Germany and the UK? Mr Erdem said that this was being considered by the Turkish MOD and DIDA would then take on a co-ordinating role. He said the DIDA was working on the minehunter project, but as yet the Executive had taken no decisions. As soon as permission was given to proceed they would start work on the RFP. Mr Erdem then mentioned he had already an opportunity to visit Vosper Thorneycroft.

5. US of S(DP) asked how the helicopter project was proceeding? Mr Erdem said that agreement had been given for helicopters to be a DIDA project. At present they were encountering difficulties with the concepts, as there was a large variety of requirements. However they were planning to send out new questionnaires to companies involved in helicopter production, including UK companies. Currently they were thinking along the lines of a general purpose helicopter for the Army, capable of carrying 13 men, but they would be prepared to compromise (i.e. 10 or 11 men).

6. Brigadier Anderson asked what was happening about RACAL's bid for the fire control system for the Oerlikon 35mm gun (Project Eagle)? Mr Erdem said the project had a high priority as the guns were now being produced. They had received proposals from a number of companies and hoped to take a decision this year. Brigadier Anderson also asked whether DIDA would become involved if Land Rover was sold to the Armed Forces. Mr Erdem said he thought that it would be very likely

7. In conclusion, Mr Erdem said that he hoped that British industry would take Turkey seriously as a defence market. He foresaw great advantages to all companies who followed the example of setting up a joint venture company like Marconi.

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MEETING BETWEEN USOfS(DP) AND GENERAL UNDUL 3 MAY 1989

Those in attendance:

The Hon Timothy Sainsbury
USofS(DP)

Mr Timothy Daunt
British Ambassador

Brigadier Stuart Anderson
Defence Attache

Mr William Byatt
ARMD4

Miss Debbie Brothers
APS/USofS(DP)

General Hayri Undul
Turkish Under Secretary
of Defence

Colonel Kaya

1. General Undul and USofS(DP) warmly greeted one another and commented on the short time since they had last seen each other in England. General Undul then said he saw much scope for co-operation with RACAL, as the company had a wide range of technologies in which they would like to become involved. He said that DIDA were going to look into the matter and he would ask them to meet with RACAL to discuss the timetable of DIDA's various projects. He briefly mentioned the successful joint venture company formed with RACAL, called Telerac. USofS(DP) said that it was a good idea to have a joint venture with a company with a range of products as it provided further opportunities with a company you are already familiar.

2. USofS(DP) explained the system used in the UK to determine the timetable of procurement of equipment. General Undul said it was always difficult to decide which project has priority and it took a lot of discussions between the General Staff and their MOD; in addition approval had to be sought from the Finance Ministry and the Prime Minister. They also suffered from inflation which often meant starting again with some projects. USofS(DP) said that it was always the case that countries had to set priorities within finite sums.

3. General Undul raised his UK visit of the week before, and said that there was much scope for co-operation with British industry. USofS(DP) mentioned that GEC, Marconi, and BAe, all of whom had experience of collaborative projects. General Undul said that with regard to DIDA projects, if a UK company can offer good credit terms it will have the advantage in any competition. USofS(DP) said that he was there to give support

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to UK firms. He emphasised the importance of training for complex weapons systems, and of an after-sales service. He suggested that it was always easier if the UK and the Turkish forces used the same system, rather than developing a new piece of equipment and having to deal with the problems of being a "first user", such as servicing problems. General Undul agreed that standardisation was a good idea and felt that wherever possible NATO should be interoperable.

4. Finally, General Undul said that they could benefit from any out-of-date equipment which we no longer needed. In March the General Staff visited the UK and provided a list of the kit which they would be interested in. He was glad that this sort of co-operation was starting, he was only sorry it had not begun sooner. USofS(DP) said that we were keen to help.

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MEETING BETWEEN US OF S(DP) AND MR GIRAY - 3 MAY 1989

Those in attendance:

The Hon Timothy Sainsbury
US of S(DP)

Mr Safa Giray
Turkish Defence Minister

Mr Timothy Daunt
British Ambassador

General Hayri Undul
Turkish Under Secretary
of Defence

Brigadier Stuart Anderson
Defence Attache

Mr William Byatt
ARMD4

Miss Debbie Brothers
APS/USofS(DP)

1. Mr Giray told USofS(DP) that he had met with the Secretary of State and had liked him very much; they had had a useful and frank discussion. USofS(DP) said that he was very much in agreement with the sentiments in Mr Giray's speech that morning about the Southern flank, and emphasised that there were many issues that NATO was in agreement; in particular the critical position of Turkey. Mr Giray said that certainly there was a lot of interest in NATO at present in connection with SNF.
2. USofS(DP) expressed our desire to help the Turkish Government by encouraging collaborative ventures between UK and Turkish industry and explained that our defence companies were used to this sort of collaborative work and were keen to work with Turkish industry. Mr Giray said he too was keen to have collaboration and joint ventures.
3. Mr Giray said that he understood that the UK did not give credit for this sort of business. USofS(DP) explained that we do not have a military aid programme. Mr Giray said that although this was the case our two countries companies can be partners and he hoped that if there were difficulties with technology transfer the UK Government would be able to help. USofS(DP) said that we did have credit arrangements and we also aimed to not only assist in technology transfer but also in allowing the re-export of such equipment, within the bounds of security constraints.
4. Mr Giray expressed his hope that by the end of June the contract negotiations with Marconi for the HFSSB would be completed and the contract signed. USofS(DP) said that it would be of great value to have the contract for the HFSSB finalised with Marconi as it will encourage other UK companies to commit themselves financially. Mr Giray promised to make sure,

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