

The Rt. Hon. Peter Lilley MP Secretary of State for Trade and Industry

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Our ref Your ref Date

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As requested in your letter of 31 July I attach a draft reply to the letter of 30 July from the Turkish Ambassador, enclosing one of 25 July he had sent to Mr Hurd, about the withdrawal of British Airports Services Ltd (BASL) from the project to build Bodrum Airport. Mr Hurd will not reply until the Prime Minister has done so. The attached draft is a PS letter to the Charge as the Ambassador is on leave.

There is clearly a risk of damage to British interests, particularly in view of the close interest and involvement of the Turkish government in the venture. However, the decision is a commercial matter for BAA and whilst they have been made aware of our disappointment, we have not sought, nor would it be appropriate for us to do so, to seek to persuade them to change their minds.

In view of this, the draft PS letter to the Chargé acknowledges Turkish disappointment but stresses that the decision is a matter for the company.

ROSALIND COLE

Private Secretary



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DRAFT LETTER FOR SIGNATURE OF PS/PRIME MINISTER TO:

Charge d'Affaires Turkish Embassy 43 Belgrave Square LONDON SW1

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The Ambassador wrote to the Prime Minister on 30 July about the decision by British Airport Services Ltd to withdraw from the Bodrum International Airport Venture. I understand he is now on leave in Turkey.

We agree with his view that economic and commercial relations between our countries are very good, although naturally there is scope for further progress. It has been encouraging to see the growth in our two way trade, which now totals some £1 billion per annum.

Against this background we appreciate that the Ambassador was very disappointed that BASL have decided to withdraw from the Bodrum Airport project, especially knowing the close interest and involvement of the Turkish Government in this venture. However, as you will know, BASL and its parent company, the British Airports Authority (BAA) are independent companies and have taken their decision on purely commercial grounds.

Nevertheless, I understand that a director of BASL, Mr Roger Kitley, made plans to fly out to Turkey on 7 August to offer a full explanation of BASL's decision to the Turkish authorities involved in the project and I trust that this visit will have helped to clarify the position.

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