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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

23 August 1990

TURKEY: TELECOMMUNICATIONS SATELLITE PROJECT

I enclose a copy of a letter I have received from British Aerospace about the news that the Turkish Government have awarded the telecommunications satellite project to the French even though they are thought to have put in the highest bid. They ask that the Prime Minister be associated with the protest and a request to the Turks to reconsider. I doubt this is practicable, but I should be grateful for advice and a draft reply.

*PM spoke
to Ozal
by phone
24/8/90*

BF

I am sending a copy of this letter and its enclosure to Simon Gass (Foreign and Commonwealth Office).

*See Hagkumait
papers*

C.D. POWELL

Martin Stanley, Esq.,
Department of Trade and Industry.

to

BRITISH AEROSPACE



BRITISH AEROSPACE
PUBLIC LIMITED COMPANY
11 STRAND
LONDON WC2N 5JT
Telephone: 01-930 1020
Facsimile: 01-839 4774
Telex: 919221

From: CHAIRMAN, AEROSPACE COMPANIES

Direct Line: 01-389 3845

SG/CT/416

23rd August, 1990.

Mr. Charles Powell,
10 Downing Street,
London SW1

Dear Charles,

You may recall the support given earlier this year by the Government, and indeed the Prime Minister herself, to our bid for the Turkish telecommunications satellite project. This was naturally highly valued by the company.

Until today all the evidence pointed to the leading contenders being British Aerospace, with Hughes Aircraft (USA) a close second, while the French bid from Aerospatiale was a long way third, some \$75m higher than our own price as the attached table of price information obtained on good authority shows.

From the start, at the insistence of the French, there has been a no-aid agreement in relation to the programme, acceded to by all Western Governments likely to be involved - our own bid includes ANT (part of the Bosch Group) from FRG.

In an extraordinary decision today, which I know has been reported by the British Embassy in Ankara, The Minister of Transport has selected the Aerospatiale bid, we believe (again on good authority) against all the recommendations of his officials concerned with the evaluation, in spite of both the \$75m price gap and a poorer technical evaluation than BAE.

Although these are difficult times in the Muslim world, I would be grateful if serious consideration could be given to urging the Turkish Government to reconsider its decision on this commercial programme, or at least to delay promulgation of the decision until some of the circumstances surrounding it are better understood. This order is crucial to our position as a supplier in the world spacecraft market. Its loss would obviously also be unhelpful to the UK balance of trade.

*Yours sincerely,
Ayd Sullivan*

Copy : Mr. J.S. Wall, LVO Private Secretary to the Secretary of State for Foreign and Commonwealth Affairs

Mr. M. Stanley Private Secretary to the Secretary of State for Trade and Industry

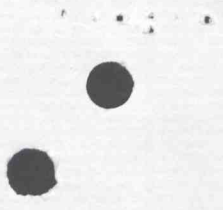
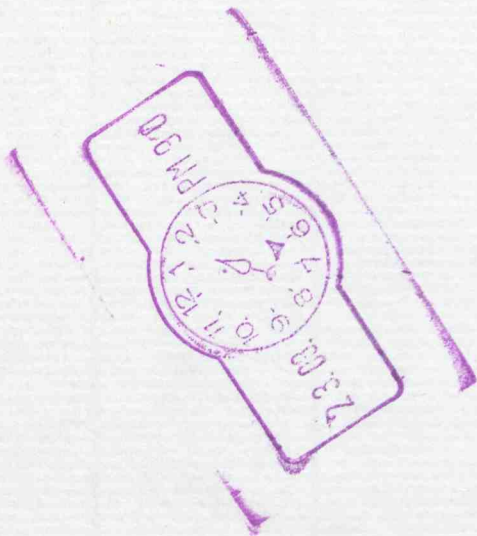
ATTACHMENT TO LETTER OF 23RD AUGUST, 1990

Prices in final Department of Telecommunications evaluation
(obtained in confidence)

Aerospatiale \$372m

Hughes \$305m

British Aerospace \$298m



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LINE TO TAKE ON BRITISH AEROSPACE'S BID FOR THE TURKISH
COMMUNICATIONS SATELLITE PROJECT

I am greatly concerned to have reports that a decision has been taken in favour of the French Aerospatiale bid. My information which I believe to be reliable is that British Aerospace has been able to offer the lowest price and best technical solution to the Turksat requirement and that Aerospatiale has long been left behind in the price competition.

I hope this is all a misrepresentation and that BAe will be given a fair wind. I hope to hear something soon.