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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

30 August 1990

Dear Martin,

TURKISH TELECOMMUNICATIONS SATELLITE

I enclose a copy of a further letter which I have received from Dick Evans of British Aerospace about the likely award of the Turkish Telecommunications Satellite project to Aerospatiale. As you will see, while grateful for the Prime Minister's intervention with President Ozal, he asks for further representations to be made. I should be grateful for early advice.

I am copying this letter and enclosure to Simon Webb (Ministry of Defence) and Richard Gozney (Foreign and Commonwealth Office).

*Yours sincerely,
C. D. Powell*

C. D. POWELL

Martin Stanley, Esq.,
Department of Trade and Industry



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Mr. Charles Powell
10 Downing Street
London SW1

29th August 1990

Jean Charles

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Syd Gillibrand wrote to you on 23rd August about surprising reports from Ankara of the likely award of the Turkish telecommunications satellite programme to the French company Aerospatiale in preference to British Aerospace, in spite of a very substantial price difference in our favour. British Aerospace is very grateful that the Prime Minister raised the matter during her telephone conversation with President Ozal last Friday. It is clear from the subsequent representations made by our Ambassador and by British Aerospace that this caused considerable concern.

Nevertheless, negotiations between the Turkish Government and Aerospatiale are in progress and there has been, as yet, no change in the award of the contract to them. Indeed, events appear to have gathered momentum in an attempt to steamroller the project through quickly. We have reports that Aerospatiale have submitted a late price reduction (in clear breach of the Turkish PTT procurement regulations) but are still some \$35m more expensive (about 12% of the programme cost) than the British Aerospace proposal. Price aside, we believe that the PTT regard our solution as equivalent to that of Aerospatiale and with some advantages. (Incidentally, more than 50% of the BAe offer is attributable to French companies if the Ariane launcher is also selected). The American solution from Hughes is based on an earlier generation satellite and is technically inferior.

We are unsure of the political concessions which may have been offered by the French Government. Very recent information from US industrial sources indicates that a 15% loan was probably offered by President Mitterand direct plus a military aid package and assistance for Turkey's efforts to gain admission to the EC.

We believe the decision is not yet irreversible. It seems clearly political in nature. However, if it is to be reconsidered it may be necessary to renew direct pressure on President Ozal. We believe that the Ambassador has come to this view. In these circumstances, I should be extremely grateful if consideration could be given to further representations by the Prime Minister to the President. Otherwise all that remains is a formal procedural objection to the breach of procurement regulations.

Sumner

Dick Evans

Dick Evans

TURKEY: Cells Part 2

