



the department for Enterprise

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

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4 September 1990

Dear Charles

TURKEY SATELLITE COMMUNICATIONS SYSTEM

I attach Tel no. 384 from Ankara received yesterday.

The Turkish Minister of State told HMA over the weekend that all was not lost to BAe, and expressed the hope that the Prime Minister would again speak directly to the President. Sir Timothy Daunt would welcome a further intervention if the Prime Minister is willing to do so.

I understand that BAe put their views to you at Farnborough yesterday. In view of this latest report from Ankara the Prime Minister may be willing to reconsider the decision last week not to raise this issue were she to speak again with President Ozal. I should be grateful if you would bring this report to her attention.

I am copying this letter to Simon Gass in the FCO who may have an interim report on the matters on which President Ozal had requested help from the Prime Minister. We support HMA's suggestion of combining a push on Turksat with answering President Ozal's bids.

Rosalind Cole

ROSALIND COLE
Private Secretary



Recycled Paper

7/3/9

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MDADAN 2645

RESDTRICTED
FM ANKARA
TO DESKBY 030700Z FCO
TELNO 390
OF 020900Z SEPTEMBER 90
INFO DESKBY 030700Z DTI
INFO ROUTINE ECGD

ADVANCE COPY

DTI FOR HEAD OF PEP AND OT4 1B

MY TELNO 384: TURKSAT

SUMMARY

1. BAE LOCAL REPS SAY OZAL SHAKEN BY LEGAL ADVICE AND THAT ANOTHER CALL FROM PRIME MINISTER MIGHT WELL TIP THINGS THEIR WAY. WORTH A TRY?

DETAIL

2. BAE AND THEIR LOCAL AGENTS REPORT THAT THE PRESIDENT'S PRIVATE LAWYER (PARA 4 OF TUR) MADE A MAJOR IMPRESSION ON OZAL WHEN HE TOLD HIM ON 31 AUGUST THAT HE HAD BEEN RETAINED BY BAE AND THAT THEIR CASE WAS STRONG. THE LAWYER ALSO REPORTEDLY REFERRED TO THE PRIME MINISTER'S CLOSE INTEREST AND THE RISK THAT THE ISSUES OZAL HAD RAISED ON 24 AUGUST (YOUR TELNO 554 TO BONN) WOULD BE AFFECTED BY A PERCEPTION THAT BAE WERE NOT BEING GIVEN A FAIR DEAL. OZAL, WHO HAD BEEN PLEASED BY MRS THATCHER'S REFERENCES IN HELSINKI TO TURKEY'S FIRM STAND AND THE NEED TO SUPPORT HER, WAS REPORTEDLY IMPRESSED.

3. MINISTER AKKAYA (MY TELNO 380) TOLD ME ON 1 SEPTEMBER THAT HE WAS STILL WORKING ON BOTH OZAL AND AKBULUT AND THAT ALL WAS CERTAINLY NOT YET LOST. HE HOPED THE PRIME MINISTER WOULD AGAIN SPEAK DIRECT TO THE PRESIDENT. PREDICTABLY, BAE INTERESTS HERE ARE PRESSING FOR JUST THAT: THEIR REASONING EVIDENTLY IS THAT, IF THEIR OWN THREAT TO SUE WAS REINFORCED BY POLITICAL PRESSURE, IT WOULD PROBABLY DO THE TRICK.

COMMENT

4. YOU KNOW BETTER THAN ME THE ARGUMENTS OVER THIS CONTRACT IN THE CONTEXT OF KEEPING BAE OR AEROSPATIALE IN THE SATELLITE BUSINESS.

5. AS YOU KNOW FROM TUR, I AM RELUCTANT TO ROLL OVER AND WOULD

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WELCOME IT IF THE PRIME MINISTER WAS WILLING TO SPEAK TO OZAL AGAIN. TELEPHONE DIPLOMACY IS VERY MUCH HIS STYLE (ALMOST DAILY TALKS WITH PRESIDENT BUSH). COULD ANOTHER PUSH ON TURKSAT BE COMBINED WITH ANSWERING THE BIDS HE MADE ON 24 AUGUST (YOUR TELNO 554 TO BONN) AND PARTICULARLY WILLINGNESS TO HELP WITH MOUNTING A CONCERTED EFFORT OVER REFUGEES (MY TELNO 389)?

DAUNT

YYYY

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