



*File to
Foreign Ankara*

10 DOWNING STREET
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From the Private Secretary

6 September 1990

ANKARA METRO

The Prime Minister has followed the correspondence on the question of support for the Ankara Metro project under the Aid and Trade Provision, ending with the Trade and Industry Secretary's letter of 4 September to the Foreign Secretary. Her clear view is that we should offer ATP support. She hopes that the matter can be resolved rapidly.

I am sending copies of this letter to Martin Stanley (Department of Trade and Industry), Jeremy Heywood (Office of the Chief Secretary), Eamonn Taylor (Overseas Development Administration), and Andrew Walker (Office of the Minister of Trade).

C.D. POWELL

Stephen Wall, Esq., LVO,
Foreign and Commonwealth Office.

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

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4 September 1990

Prime Minister
I attach the
main background papers.
I think we must give
this a push to DTI's
way: the ODA are being
unusually junior.
Agree. ✓
CB
579

Dear Douglas

ANKARA METRO

I understand that you are seeking a meeting of interested Ministers to discuss the question of support for this project under the Aid and Trade Provision, and that 20 September has been suggested.

Unfortunately this timeframe is inappropriate to the needs of the project. The Canadians have now told Hawker Siddeley that they have been called to Turkey for discussions which start on 5 September, with UK finance on the agenda, and that if they do not have a decision by noon on the 6th they will be forced to tell the Turks (in order to maintain credibility) that they will be switching subcontractors to the French. My people have told Hawker Siddeley that this timescale is logistically unrealistic but that we will seek a decision as soon as possible. Despite the fact that Lavalin are spending substantial amounts of capital on this project every week, this is the first time a deadline has been set. In my judgement, and that of the Canadian High Commission, it is one that should be taken seriously.

You will have seen Tim Sainsbury's letter of 21 August to Lynda Chalker on this subject (copy attached for ease of reference) which sets out the numerous arguments in favour of offering support for the UK element of this project under the Aid and Trade Provision. I strongly endorse Tim's line. It seems to me that the ODA's fundamental argument for not supporting is based on what might be regarded as a somewhat arbitrary premise (that metro projects should generate a 10%



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return in Turnkey) and that this one at best achieves 7%. However, the methodology used is regarded as unduly harsh by the Canadians and takes no account of either the considerable and centrally important town planning benefits or the environmental considerations. By contrast, the arguments in favour of support, as detailed in Tim's letter, appear to me to be highly persuasive.

BAA's late withdrawal from the Bodrum Airport project has clearly had a damaging effect on our commercial relations with the Turks. If, as seems likely, British Aerospace do not succeed in getting a reversal of the decision to award the Turkey Satellite contract to the French, another severe blow will have been dealt to our efforts to win project business in Turkey. To lose a second important project to the French would be most unfortunate.

I hope you can agree with me that this project does, when all the issues are weighed, merit our support and that you can let me have your agreement in the next day or two. If it would be helpful to have a word on the telephone I would be delighted to do so.

I am copying this letter to Charles Powell, Norman Lamont, to Lynda Chalker and to Tim Sainsbury.

Yours ever

Peter



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TURKEY: Relations
Pt 2

