

RESTRICTED AMENDED DISTRIBUTION 24/1558Z OCT  
 FM ANKARA  
 TO PRIORITY FCO  
 TELNO 471  
 OF 231400Z OCTOBER 90  
 AND TO PRIORITY DTI  
 INFO ROUTINE ECGD

THIS IS A COPY. THE ORIGINAL IS  
 RETAINED UNDER SECTION 3 (4)  
 OF THE PUBLIC RECORDS ACT

DTI FOR HEAD OF PEP AND OT4 1B

*Temporarily retained*

MY TELNO 405: TURKSAT

SUMMARY

1. TURKISH NEGOTIATIONS WITH AEROSPATIALE SUSPENDED SHORTLY BEFORE CONTRACT WAS TO HAVE BEEN SIGNED. BAE AGAIN HOPEFUL BUT REALISE HUGHES (AND AEROSPATIALE TOO) WILL COMPETE.

DETAIL

2. BAE LOBBYING AND PTT NEGOTIATION WITH AEROSPATIALE HAVE CONTINUED IN PARALLEL FOR THE PAST MONTH. BAE AGENTS HAVING ENGINEERED A SUMMONS, I CALLED ON THE TURKISH PRIME MINISTER ON 15 OCTOBER, TO EXPLAIN THAT THE BAE TURKSAT BID WAS BOTH CHEAPEST AND BEST: HE UNDERTOOK TO REVIEW THE WHOLE MATTER AGAIN (MINUTE OF 16 OCTOBER COPIED TO COWLING SED). MEANWHILE BAE PREPARED TO SUE AHEAD OF CONCLUSION OF A CONTRACT BETWEEN PTT AND AEROSPATIALE SCHEDULED FOR 23 OCTOBER..

3. ACCORDING TO THE BAE AGENTS, PRESIDENT OZAL DECIDED ON 19 OCTOBER TO SUSPEND CONCLUSION OF THE CONTRACT: VARIOUS SUGGESTED EXPLANATIONS,

ANNOYANCE AT FRENCH POLICY ON CYPRUS AND THE REVIEW PROMISED TO ME BY AKBULUT. THE FRENCH HAVE BEEN WORKING HARD FOR AEROSPATIALE (INCLUDING LETTER MITTERRAND/OZAL) AND TRYING TO GET THE LAST MINUTE DECISION AGAINST THEM CHANGED - APPARENTLY WITHOUT SUCCESS.

4. BAE AGENTS THINK THE PROJECT WILL BE MAINTAINED AND NOT RE-TENDERED. THEY ARE HOPEFUL OF A DECISION TO NEGOTIATE WITH BAE BUT THEY AGREE THAT BOTH HUGHES (USA) AND AEROSPATIALE WILL CONTINUE TO FIGHT.

COMMENT

5. THE STYMYING OF THE AEROSPATIALE CONTRACT IS A WELCOME SURPRISE.

A GOOD DEAL OF SKULDUGGERY IS EVIDENTLY INVOLVED. BAE WILL HAVE PUT A GOOD MANY BACKS UP DURING THEIR FIGHT BUT THEY MUST BE WELL PLACED IF THE PROJECT IS INDEED TO BE MAINTAINED ON SCHEDULE. I AM CONTINUING TO HELP THEM AS OPPORTUNITY OFFERS.

6. BAE ARE EVIDENTLY RIGHT THAT POLITICAL CONSIDERATIONS CONTINUE TO WEIGH. GULF CRISIS ISSUES, AS WELL AS CYPRUS, EC ETC ARE RELEVANT. OZAL HAS A DIFFICULT POLITICAL SITUATION ON HIS HANDS FOLLOWING RESIGNATIONS OF FOREIGN AND DEFENCE MINISTERS. HE EVIDENTLY WELCOMES THE PUBLICITY FOR HIS HOB-NOB BY TELEPHONE WITH PRESIDENT BUSH. IF THE OPPORTUNITY OFFERS FOR A FURTHER GULF-RELATED TELEPHONE EXCHANGE WITH THE PRIME MINISTER, IT COULD HAVE HELPFUL TURKSAT SPIN-OFF.

DAUNT

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DISTRIBUTION

40

MAIN 29

LIMITED  
SED  
COMED  
EMERGENCY UNIT (PASSED)  
PS

PS/MR GAREL-JONES  
PS/PUS  
MR BAYNE  
MR GREENSTOCK

ADDITIONAL 11

PS/NO  
DTI (ASHDOWN HOUSE)

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