



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

12 February 1987

ATP AIRCRAFT FOR GREECE

Michael Gilbertson wrote to me today with a draft message from the Prime Minister to Mr. Papandreou about the British Aerospace Advanced Turboprop aircraft. The Prime Minister has signed this and I enclose the original. You will wish to telegraph the text to Athens early tomorrow.

I am copying this letter and enclosure to Michael Gilbertson (Department of Trade and Industry).

C D POWELL

R. N. Culshaw, Esq., M.V.O.,
Foreign and Commonwealth Office

SUBJECT CC OPS
MASTER



PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T16/87

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

12 February 1987

Dear Prime Minister,

You will recall that during our discussions in London in December, I mentioned to you the negotiations that were taking place between British Aerospace and Olympic Aviation about the BAe Advanced Turboprop passenger aircraft, and the collaboration between BAe and Hellenic Aerospace Industries. I am delighted to hear that their collaboration is progressing well and that Hellenic Aerospace Industries have delivered their first Advanced Turboprop Flap assembly this week.

I understand that a decision on the choice of aircraft for Olympic Aviation is imminent and that the airline believe that the ATP will meet their requirements. As I am sure you will agree, if the Advanced Turboprop is chosen for Olympic Aviation it will provide a firm foundation for continued collaboration between these two important companies. It will also give a very significant example to the other industrial sectors in both our countries in the field of Anglo-Greek collaboration.

Olympic Aviation's and Hellenic Aerospace Industries' enthusiasm for the Advanced Turboprop is very encouraging, and I am confident that, on commercial and technical grounds, the Advanced Turboprop represents a very competitive option.

JCH

I am sure that the undoubted merits of this aircraft will be taken fully into account in the choice of aircraft for Olympic Aviation.

With best wishes,

Yours sincerely

Nayanshanker

His Excellency Mr. Andreas Papandreou

CC PE



DEPARTMENT OF TRADE AND INDUSTRY

1-19 VICTORIA STREET

LONDON SW1H 0ET

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PS/ Secretary of State for Trade and Industry

CONFIDENTIAL

12 February 1987

Charles Powell Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

Dear Charles,

ATP AIRCRAFT FOR GREECE

Catherine Bradley wrote to you on 3 December, in response to Sir Raymond Lygo's letter of 28 November, about British Aerospace's attempts to sell their new ATP (Advanced Turboprop) aircraft to Olympic Aviation of Greece.

As you know, at our request, the Prime Minister raised this issue with the Greek Prime Minister in the margins of the EC Council Heads of State meeting in December. This contract is very important to BAe and our concern at that time was to counter strong French pressure in favour of the rival Franco-Italian ATR42 aircraft. We understand from BAe that this pressure has been intensified and that the choice of aircraft was discussed at a recent meeting between Mr Papandreou and the French Foreign Minister, leading to a report in the French press that the ATR42 would be selected instead of the ATP. However, BAe understand from their contacts that no contract has yet been signed and that the Head of Olympic Aviation is continuing to argue in favour of purchase of the ATP.

A decision is imminent, and our Ambassador in Athens recommends that a letter from the Prime Minister at this stage would be a most helpful initiative to counter French pressure. In view of the importance of this contract to BAe we would endorse the Ambassador's recommendation. Given the imminence of the decision we would recommend that the Prime Minister write as soon as possible, on the lines of the attached draft which has been cleared by FCO officials.

I am copying this letter to Robert Culshaw (FCO).

*Yours ever
Michael*

MICHAEL GILBERTSON
Private Secretary

DW1CQF

EL385P.

To Mr

DRAFT LETTER FOR THE PRIME MINISTER TO SEND TO:

Greek Prime Minister

You will recall that during our discussions in London in December, I mentioned to you the negotiations that were taking place between British Aerospace and Olympic Aviation about the BAe Advanced Turboprop passenger aircraft, and the collaboration between BAe and Hellenic Aerospace Industries. I am delighted to hear that their collaboration is progressing well and that Hellenic Aerospace Industries have delivered their first Advanced Turboprop Flap assembly this week.

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With best wishes

On

DWLCQG

Collect

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cc: PC.



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Secretary of State for Trade and Industry

CONFIDENTIAL

14 January 1987

The Rt Hon John MacGregor OBE MP
Chief Secretary to the Treasury
Treasury
Parliament Street
London SW1P 3AG

Jan John.

*CGP
15/1*

EXPORT CREDIT FOR GREECE

attmap

Thank you for your letter of 15 December.

As you say, if all the large deals being talked about do come to fruition then the present ECGD limit for Greece would be substantially exceeded. However such a situation does not appear very likely given the previous history of lack of demand for cover for this market and the fact that the Papandreu Government is only half way through a tight economic stabilisation programme instituted in response to a worsening economic performance in 1985. On the other hand even if, unexpectedly, a large amount of this business did become firm, I believe that an increase in the limit would not be out of the question.

I believe therefore that there is no cause for concern in the present situation but obviously we will need to keep a close watch on further developments.

I am copying this letter to the Prime Minister, George Younger and Sir Geoffrey Howe.

[Handwritten signature]
PAUL CHANNON

JG4AJP