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THE PRIME MINISTER

9 May 1988

Dear Lord Nayan,

In my letter of 19 April, I said that I would be in touch with you again shortly in order to give you a considered reply to the proposals you made to me at our meeting in Istanbul.

You suggested then that the Third Bosphorus Bridge and Istanbul Urban Expressway projects might be linked in some way. There could well be advantage in this: an integrated approach to Istanbul's traffic problems is needed, and the economic viability of the projects would be improved if completed at the same time.

I agree also with you that a joint Turkish-United Kingdom approach would be best, drawing upon the strengths of able Turkish contractors, such as ENKA and ESKA, and upon the competence of major British companies like Tarmac/Wimpey and Trafalgar House (Cleveland Bridge and Engineering), who enjoy the full confidence and support of the British Government. In response to your ideas, I have some proposals to put forward which we believe will lead to soundly designed and well-financed projects.

British firms, together with Turkish and Japanese partners, have advanced an attractive and technically and financially sound proposal for the Expressway, which has been accepted by you. The British Government has also made a

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generous offer of aid support, (at a rate of 30.1 per cent of the United Kingdom content, the same rate as that offered for the Bridge). If advantage is to be taken of this aid offer, which cannot be extended indefinitely, it is important that early progress be made. If you were prepared to give me your personal assurance that you will proceed with the TWEED Joint Venture, the British Government would be willing to pay for a preliminary site investigation together with a study of alternative methods of financing the project, such as BOOT and lease-back, the study to be carried out by independent and internationally recognised financial advisers, drawing upon the innovative work of Turkish Government agencies.

Several bids have been submitted for the Third Bosphorus Bridge. They are not, however, comparable. Not all incorporate a proven design and only one, that put in by the Turkish-UK Joint Venture of ENKA and Cleveland Bridge and Engineering, offers full BOOT financing. Any bridge over the Bosphorus must be of sound design, both for reasons of safety and to attract international financing, and I am sure you are about to take steps rigorously to evaluate the various designs. With this in mind, the British Government is ready to assist you by paying the offshore costs of a technical evaluation to be carried out by an independent and recognised international authority or consultants. Its purpose would be to establish a design specification, which would ensure the Bridge's durability in service, and to assess and evaluate the extent to which designs submitted meet that specification.

We are ready also to assist you to examine how best to finance the Bridge, whether with limited recourse or otherwise, by paying for a study again to be carried out by independent and internationally recognised financial advisers. These offers are made on the understanding that you share our wish that the Bridge project be executed as a Turkish-UK venture. Technical and financial evaluations are, in our view, essential, if the project is to attract international finance which will be forthcoming only for a

bridge of validated design and supported by a sound financial structure. Equally, UK Government aid, a key component in the financing, will be available only in support of a validated design, UK engineering, manufacture and construction, with UK contractors working together with Turkish contractors of such standing as ENKA and STFA. UK aid could not be offered merely for the supply of materials, steelwork and cables.

In a spirit of Turkish-UK co-operation, we have tried to find ways constructively to respond to your suggestions and to enable you to make early progress with both projects. If, as I hope, these offers of free technical and financial studies, which we estimate will cost up to £1 million, are acceptable to you, the next step should be for a team of UK Government officials to visit Turkey to discuss terms of reference. I look forward to hearing from you very soon through our Ambassador, Mr. Daunt.

Kind regards.

Yours sincerely

Raymond Dalrymple

The Lord Mayor of Istanbul