

The Right Hon. Joe Clark, P.C., M.P.  
Secretary of State for External Affairs



Canada

Le très hon. Joe Clark, C.P., député  
Secrétaire d'Etat aux Affaires extérieures

OTTAWA, ONTARIO  
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August 20, 1990

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Dear Douglas:

I am writing to you concerning the development of a subway system in Ankara, Turkey, which has occupied our respective ministries, and the private sectors in Canada and the United Kingdom, during the past several years. Following the completion of a feasibility study, the Canadian company, Lavalin, as prime contractor, and the British company, Hawker Siddeley, as sub-contractor, jointly prepared a tender for this major project, valued at approximately U.S. \$600 million. During the tender process, we learned that the French government would be offering concessional financing which forced us to meet this competition or lose the contract. The Canadian government, through our Export Development Corporation, has committed a budget to provide concessional financing in the amount of CDN. \$121 million. The British government offered in late 1988 to consider the possibility of extending concessional funding through the Aid Trade Provision within your Overseas Development Administration (ODA).

On the basis of this expression of interest, the Canadian Export Development Corporation and the companies involved entered detailed contract negotiations. It was only in May 1990 that we learned that funding under the Aid Trade

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Provision might not be available because an ODA analysis completed in March 1990 indicated that this project failed to meet all ODA criteria. Had we been advised at an earlier date, it might have been possible to seek alternative arrangements. However, by this time the banking syndication was already underway. The syndication was successfully completed in July, subject to the funding commitment anticipated from both the Canadian and United Kingdom governments. I am advised that this project continues to enjoy the full support of the Government of Turkey and that the Turkish government has extended a sovereign guarantee.

I trust that you will agree that it would be unfortunate if we were unable to proceed at this late date. This project might, I understand, be referred to you within the next very few days and I would hope that the long term political and commercial interests which we share with respect to this important urban development project will enable our two countries to provide the requisite financial support.

I look forward to hearing from you on this matter and to seeing you in New York at the General Assembly or at the CSCE Ministerial meeting.

Yours sincerely,



