



Foreign and Commonwealth Office

London SW1A 2AH

17 September 1990

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Dear Charles,

Ankara Metro Project *flat*

Thank you for your letter of 6 September.

The Foreign Secretary decided on 7 September that support for this project should be provided under the Aid and Trade Provision. The Turkish Government and Hawker Siddeley were informed at the time. I enclose a copy of the minute which the Foreign Secretary has sent today to the Trade and Industry Secretary setting out the background to his decision.

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

Yours ever,

(S L Gass)
Private Secretary

C D Powell Esq
10 Downing Street

TURKEY: Relation R2



SECRETARY OF STATE
WASHINGTON, D.C.



CEPA

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SECRETARY OF STATE FOR
TRADE AND INDUSTRY

Ankara Metro Project

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1. Thank you for your letter of 4 September, which I saw on my return from the Middle East. As you know, I agreed on 7 September that it would be right, on balance, to make ATP available in support of Hawker Siddeley's participation in this project.

2. This was not an easy decision. The Aid and Trade Provision is an integral part of the aid programme and as such must serve the economic interests of developing countries. Of course political and commercial considerations will generally play a larger part in ATP cases than elsewhere in the aid programme. In the present instance, and particularly at the present time, I concluded it was right to accord them special weight. But I regard this case as exceptional: we need to continue to be careful before allowing other considerations to moderate the economic arguments. With a finite ATP budget we must guard against the risk that sound projects may be crowded out.

3. The Ankara Metro Project, with its inadequate rate of return, is not the sort of investment that we would normally wish to encourage the Turks to make. While

/therefore



therefore I accept in the exceptional circumstances of this case it was right to support the Hawker Siddeley bid, we must also recognise that it is in all our interests that scarce ATP resources should be spent on sound economic projects where they can do most good.

4. I am copying this minute to the Prime Minister and the Chief Secretary.

(DOUGLAS HURD)

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