
Italy's Agusta Aerospace Wins Turkish Attack Helicopter Contract.

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Italy's Agusta Aerospace on Friday won a major Turkish tender worth US\$2.7 billion (A2.0 billion) to co-produce attack helicopters as Turkey sought to diversify resources from its usual supplier _ the United States.

For the first time since they began cooperating in arms sales, no U.S.

companies bid for the contract because of strict Turkish regulations. The rules stipulate Turkey be given full access to the aircraft's specific software codes _ which the U.S. considers a security risk _ and a guarantee from the provider's government that there would be no political obstacles to the sale.

U.S. firms have been the main arms suppliers to Turkey, a key element of NATO's southern flank during the Cold War. Turkey, whose neighbors include Iran, Iraq, Syria and traditional rival Greece, has been eager to supply its large army, which is also dealing with a domestic Kurdish insurgency.

The contract is for the co-production of 30 Mangusta A-129 helicopters with an option for 20 more, Defense Minister Vecdi Gonul said. The Turkish model will be named T-129.

The only other company to be shortlisted in the tender was Denel of South Africa. Franco-German company Eurocopter and Kamov of Russia were eliminated earlier in the process.

Denel's Rooivalk helicopter was powered by an engine manufactured by France _ with whom Turkey suspended military relations in November in response to proposed French legislation that would criminalize denying that the mass killings of Armenians in the Ottoman Empire at the end of World War I amounted to genocide.

Asked whether the use of a French engine in the South African model and the tensions with France over the Armenian bill negatively affected the selection process, Gonul said: "all aspects were evaluated," private Dogan news agency reported.

But Gonul said the main factor in the decision was the huge price difference, the state-run Anatolia news agency reported. He did not elaborate.

Turkey imposed new bidding rules for military contracts in 2005, after it canceled a 2004 tender when a deal for U.S. firm Bell Helicopter Textron's "King Cobra" _ a Turkish version of the AH-1Z Super Cobra used by U.S. Marines _ collapsed over price, technology transfer and licensing problems.

Turkey went through a low point in defense relations with Washington following its refusal to host U.S. troops for the invasion of Iraq in 2003. It has actively sought out other potential arms suppliers, making Turkey's business less attractive for U.S. companies.

The new rules also empower Turkey to substitute alternative, locally manufactured components such as weapon systems, the mission computer, avionics and electronic warfare suites, and require the supplier to integrate other systems or equipment built by Turkish companies.

Turkey's concerns over technological control of its weaponry increased after it faced arms blockades from several countries because of human rights problems in its fight against Kurdish guerrillas, while Washington demanded Turkish progress on human rights as a condition for arms sales.

Meanwhile, Turkish firm Otokar, which produces armored vehicles, won a tender of US\$500 million to develop a main battle tank prototype, private CNN-Turk television said. If successful, the firm could be granted the authority to produce tanks to replace Turkey's aging tanks.

Gonul expressed hope that his country would be allowed to produce upgraded F-16 warplanes under U.S. license. Turkey had assembled previous F-16 models under U.S. license.
