



10 DOWNING STREET

cc: Fco
Mod
ODA
DTI

892AKT

THE PRIME MINISTER

22 July 1985

**PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 140/85**

MASTER
OPS

Jean In President

Since receiving your letter of 8 June, I have carefully considered whether there is any way we could help under our aid programme to meet your need for 12 helicopters for anti-poaching operations. I well understand your commitment to combating commercial poachers and to protecting your endangered wildlife.

I find that there are considerable difficulties in the way of doing what you ask. The most serious is that we would not be able to find the necessary funds from within our aid programme. As you know this is concentrated on supporting the restructuring and rehabilitation programme which your Government is undertaking in association with the World Bank and the IMF. More widely we are having to devote as much as we can to relief of famine from which so many countries in Africa are suffering. This leaves no scope, I fear, for support for additional activities which, while desirable, are not a matter of life or death.

May I take this opportunity to say that we continue to watch with great sympathy the efforts which you are making with this programme. I was very glad that at the recent Consultative Group meeting in Paris we were able to announce a pledge of £10 million untied grant to Zambia, as the very first allocation under our Special Joint Financing arrangement in association with the World Bank's new African Special Facility, as well as a further £4 million grant of

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fast-spending programme aid. Our commitment to helping Zambia during this period of acute economic difficulty remains as strong as ever.

I look forward to seeing you again at CHOGM later in the year. In the meantime I send you my best wishes and warm regards.

Yours sincerely

Raymond Shillington

His Excellency Dr. Kenneth D. Kaunda

CONFIDENTIAL

CTC 2



Foreign and Commonwealth Office

London SW1A 2AH

9 August, 1985

Paul Marks

Dear Tim,

JF

9/8

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Zambia: Westland Helicopters

22?

The Prime Minister wrote to President Kaunda on 27 July to explain that we could not accede to his request for Westland helicopters. You may wish to know that our High Commissioner in Lusaka has since learned that the idea germinated during a visit to Zambia by Mr "Tiny" Rowland of Lonrho. He certainly discussed it with the President and was probably its originator. We know that he also prompted the Mozambican Foreign Minister, Sr Chissano, to make a similar inquiry (even more impracticable given Mozambique's economic plight) during his recent visit to London.

Lonrho have substantial interests in Zambia and, to a lesser extent, Mozambique, and Mr Rowland has good relations with both Presidents. There would appear to be no obvious direct benefit to Lonrho in such a deal. Mr Rowland's motives are often difficult to discern, but presumably he saw an opportunity to enhance his standing with both governments.

You will also wish to know that the thorough study we are undertaking of potential customers for the Westland helicopters mentioned in Colin Budd's letter to you of 17 July, is well underway.

I am copying this letter to Mike McCulloch (ODA), Richard Mottram (MOD) and John Mogg (DTI).

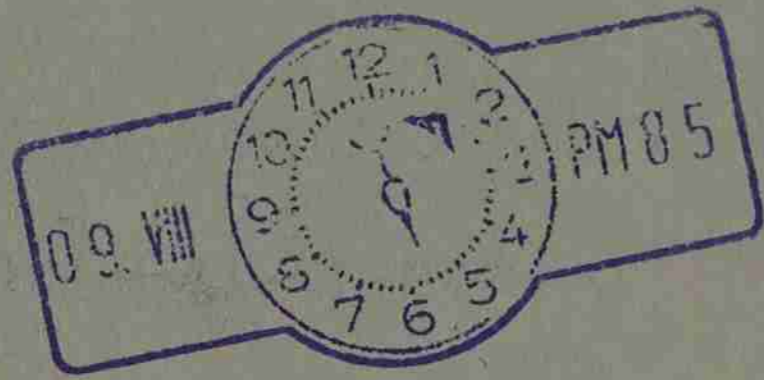
Yr ever

Peter Ricketts

(P F Ricketts)
Private Secretary

Tim Flesher Esq
10 Downing Street

CONFIDENTIAL



Aerospace: Westland Helicopters

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PRIME MINISTER

I have tried to make this more graphic. But we cannot use the main argument - that the W30 is not really suitable for the task and anyway far too expensive - because Norman Tebbit does not want to ruin Westlands' commercial prospects in Zambia.

EDP

18 July 1985

This is a very
weak reply.

Dear Mr. Hendel

I replace version which
you signed earlier:
withdrawn because of
deleted objections from
Norman T. Webb.

GR 420

RESTRICTED

RESTRICTED

FM NEW DELHI 170602Z JUL 85

TO PRIORITY DTI

TELEGRAM NUMBER OTTER 259 OF 17 JULY

INFO ROUTINE FCO, ODA

FOR BAKER PEP.

WESTLANDS

1. SIR JOHN TREACHER HAS HAD SEVERAL MEETINGS WITH US IN THE LAST TWO DAYS. IN THE FIRST SESSION ON 15 JULY, WE TOLD TREACHER OF THE REPORTS WE HAVE HAD FROM THREE DIFFERENT SOURCES THAT THE WESTLANDS DEAL WOULD BE WORKED OUT IN DUE COURSE. HE NATURALLY WAS PLEASED TO HEAR THIS BUT REALISED THAT IT WAS STILL NOT THE TIME TO COUNT HIS CHICKENS. HE ASSURED THE HIGH COMMISSIONER THAT HE WAS CONSCIOUS OF THE REQUIREMENT TO REFER ANY DEAL PUT TO HIM BY THE INDIANS BACK TO LONDON BEFORE ANY AGREEMENT WAS REACHED. HE DID NOT THINK THAT, IN THE CIRCUMSTANCES, THIS WAS UNREASONABLE. TREACHER DESCRIBED THE DETAILS OF THE PROPOSAL HE INTENDED TO PUT TO BHATNAGAR, THE DEFENCE SECRETARY.

2. HE SAW BHATNAGAR LATE ON 15 JULY AND DEBRIEFED ON 16 JULY. APPARENTLY, BHATNAGAR WAS VERY RECEPTIVE TO THE CONCEPT DESCRIBED BY TREACHER AND ASKED HIM TO MEET GOI FINANCIAL PEOPLE ON 16 JULY. AT THIS MEETING, THREE POINTS WERE PUT TO TREACHER:-
A) WHY WAS HE ADDRESSING 21 HELICOPTERS WHEN THE DEAL WAS FOR 27.
B) THE HELICOPTER IN BOMBAY SHOULD BE BROUGHT TO DELHI FOR FURTHER TRIALS.
C) COULD THE MONEY TREACHER WAS PREPARED TO INVEST BE INVESTED IN INDIA AND DRAWN IN RUPEES.

3. ON A) TREACHER EXPLAINED THAT THE AID PACKAGE APPLIED TO THE 21 AND THE 6 VIPS WOULD NEED TO BE THE SUBJECT OF A SECOND CONTRACT. HE AGREED TO B) BUT SAID IT MIGHT TAKE SOME TIME TO SET UP. ON C) HE EXPLAINED THAT INVESTMENT IN HARD CURRENCY GAVE ONE THE FLEXIBILITY TO FOLLOW INTEREST RATES AND OBTAIN THE BEST RETURN. INVESTMENT IN RUPEES WOULD NOT ALLOW THIS. BUT HE AGREED TO GET HIS FINANCIAL ADVISERS TO DISCUSS THIS QUESTION WITH THE INDIAN FINANCIAL PEOPLE.

4. ALL THIS SEEMS TO INDICATE THAT THE INDIANS ARE TREATING THE WESTLANDS PROPOSAL VERY SERIOUSLY. THE REQUEST TO CONDUCT FURTHER FLIGHT TRIALS IN DELHI IS PROBABLY PART OF A FACE SAVING EXERCISE TO GET THE PRIME MINISTER OFF THE HOOK OF HIS STATEMENT IN THE RAJYA SABHA. THE INQUIRY ABOUT INVESTMENT IN RUPEES IS PROBABLY A PRELUDE TO ASKING FOR A LUMP SUM UP FRONT PAYMENT. THIS LUMP SUM COULD BE BASED ON A THEORETICAL INVESTMENT OVER THE PERIOD IN QUESTION AND WOULD SIMPLIFY THE TRANSACTION ENORMOUSLY.

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5. EVERYTHING IS FAIRLY SATISFACTORY BUT THE INDIANS WILL PROBABLY PRODUCE MORE HURDLES BEFORE WE REACH THE STAGE OF DISCUSSING THE CONTRACT AGAIN.

WADE-GERY

WESTLANDS HELICOPTERS FOR INDIA

LIMITED

SAD
ODA
MAED
TRED
NEWS D
PS
PS/LADY YOUNG
PS/MR RENTON
PS/PUS

SIR W HARDING
MR BRAITHWAITE
MR WILSON

ADDITIONAL DISTRIBUTION

SUB CONTINENT

- 2 -
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Foreign and Commonwealth Office

London SW1A 2AH

17 July 1985

Dear Charles,

Zambia: Westland Helicopters

In your letter of 10 July you asked for a revised draft reply to President Kaunda, cleared with the Ministers concerned. I now attach one.

Sir Geoffrey Howe has carefully considered Mr Tebbit's comments. He quite understands Mr Tebbit's concern to help Westlands in every way in their present difficult position, but he considers it essential that our aid money should only be used in support of Westlands where a reasonably respectable case on developmental grounds can be made. For the reasons set out in my letter of 1 July, this is palpably not so with regard to Zambia. Indeed President Kaunda's request verges on the ludicrous and we would almost certainly have a major aid scandal on our hands were we to accede to it.

The Foreign Secretary is convinced that Zambia does not provide a realistic option for the disposal of W30 helicopters under the aid programme, and that we should send President Kaunda a clear negative response. However, he accepts Mr Tebbit's objections to using the arguments that the helicopters are still the object of negotiations with the Indian Government and that the W30 is too large and too expensive. The attached draft excludes these points.

Sir Geoffrey Howe agrees that every effort must be made to identify other potential customers for these aircraft. He has instructed that a thorough study should be made and FCO officials are pursuing this with DTI and ODA. I understand that the Ministry of Defence are currently undertaking a similar study.

I am copying this letter to Richard Mottram (MOD), Mike McCulloch (ODA) and John Mogg (DTI)

*Yours ever,
Colin Budd*

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

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DSP 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Reference

Prime Minister

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

His Excellency
Dr Kenneth D Kaunda
President of the Republic
of Zambia

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

Since receiving your letter of 8 June, I have carefully considered whether there is any way we could help under our aid programme to meet your need for 12 helicopters for anti-poaching operations. I well understand your commitment to combatting commercial poachers and to protecting your endangered wildlife.

Unfortunately I find that there are difficulties in the way of doing what you ask. In particular

there would be problems over finding funds from within our aid programme which is, as you know, concentrated on supporting the restructuring and rehabilitation programme which your Government is undertaking in association with the World Bank and the IMF.

Enclosures—flag(s).....

May I take this opportunity to say that we continue to watch with great sympathy the efforts which you are making with this programme. I was very glad that at the recent Consultative Group meeting in

/ Paris

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AEROSPACE: Westlands. April 1985

Paris we were able to announce a pledge of £10 million untied grant to Zambia, as the very first allocation under our Special Joint Financing arrangement in association with the World Bank's new African Special Facility, as well as a further £4 million grant of fast-spending programme aid. Our commitment to helping Zambia during this period of acute economic difficulty remains as strong as ever.

I look forward to seeing you again at CHOGM later in the year. In the meantime I send you my best wishes and warm regards.

CSJ.



10 DOWNING STREET

10 July 1985

From the Private Secretary

Dear Colin,

ZAMBIA: WESTLAND HELICOPTERS

John Mogg's letter of 8 July to me conveying the Trade and Industry Secretary's views on the draft message to President Kaunda about Westland Helicopters came as something of a surprise. The Prime Minister approved and signed the message on 5 July. I understand that action was taken in the nick of time with our High Commission to prevent its delivery.

I have two comments:

- (i) it was fair to suppose that a message on an issue which had been the subject of considerable discussion between Ministers would have been fully cleared interdepartmentally before being sent to No. 10. I gather that the draft was in fact cleared at departmental level, but obviously not at Ministerial.
- (ii) DTI should have registered their objections, or at least the fact that their Ministers had reservations, more promptly.

I should now be grateful for a revised draft reply, properly cleared with Ministers concerned, as soon as possible.

I am copying this letter to John Mogg (Department of Trade and Industry), Richard Mottram (Ministry of Defence), and Mike McCulloch (Overseas Development Administration).

John Mogg
Richard Mottram
C D POWELL

Colin Budd, Esq.,
Foreign and Commonwealth Office

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PC



DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

TELEPHONE DIRECT LINE 01-215 5422
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DW180

Secretary of State for Trade and Industry

8 July 1985

C D Powell Esq
Private Secretary to the Prime Minister
10 Downing Street
London
SW1

Dear Charles,

ZAMBIA : WESTLAND HELICOPTERS

Colin Budd's letter of ³ July enclosed a draft letter from the Prime Minister in response to President Kaunda's letter of 8 June proposing that twelve helicopters be made available to Zambia on a 100 per cent grant basis for anti-poaching operations.

2. My Secretary of State recalls the agreement at a meeting chaired by the Prime Minister on 18 June that, if the Indian order fell through, the Indian aid budget for 1985/86 should be reduced and the aid released used to place the Westland helicopters elsewhere. It is not correct to say that while the ONGC order remains alive there are therefore no helicopters immediately available for Zambia or elsewhere. Westland could make a fair number available rapidly. In view of the uncertain prospect of securing helicopter sales to India, there may be commercial merit for Westlands in keeping the Zambia order in play.

3. My Secretary of State would not therefore want to see the argument used with the Zambians that "the Westland W30 is far too large for use in the role you have in mind, and would necessarily involve quite disproportionate running costs." If Westland were to choose to pursue commercial prospects in Zambia it would be very unhelpful to have paragraph 2 of the Foreign and Commonwealth Office's draft on the record.



4. The main reason advanced therefore to turn down President Kaunda's request is at (c) in Colin Budd's letter. My Secretary of State does not believe that it is sensible to rebuff President Kaunda in this way until it is clear whether bilateral aid funds can be redirected to Zambia. He hopes it might be possible to keep our options open while expressing difficulties over the proposal, particularly in finding new aid support in view of HMG's commitment of aid to the Zambian programme undertaken under IMF and IBRD guidance. Technical discussions with Westland to clarify the Zambian requirement and the W30's suitability could be suggested for the present.

5. Regardless of the outcome in this case or the Indian order my Secretary of State hopes that every effort can be made to identify other potential customers for W30's who might also be eligible for aid.

6. I am copying this letter to Colin Budd (FCO), Richard Mottrem (MOD) and to Mike McCulloch (ODA).

Yours Sincerely,
Andrew Lansley

ANDREW D LANSLEY
Private Secretary

cc MASTER
ops.

HLR

HL

PRIME MINISTER'S
PERSONAL MESSAGE



cc: FCO

SERIAL No. T129/85 10 DOWNING STREET

THE PRIME MINISTER

5 July, 1985

Dear Mr. President,

Since receiving your letter of 8 June, I have carefully considered whether there is any way we could help under our aid programme to meet your need for 12 helicopters for anti-poaching operations. I well understand your commitment to combatting commercial poachers and to protecting your endangered wildlife. I know how important this is for your country.

Unfortunately I find that there are difficulties in the way of doing what you ask. The helicopters to which you refer are still the object of negotiations with the Indian Government. But even more to the point, the helicopter involved, the Westland W30, is far too large for use in the role you have in mind, and would necessarily involve quite disproportionate running costs. I am afraid that in this case we are not in a position to meet your need.

May I take this opportunity to say that we continue to watch with great sympathy the restructuring and rehabilitation programme which your Government is undertaking in association with the World Bank and the IMF. I was very glad that at the recent Consultative Group meeting in Paris we were able to announce a pledge of £10 million untied grant to Zambia, as the very first allocation under our Special Joint Financing arrangement in association with the World Bank's new African Special Facility, as well as a further £4 million grant of fast-spending programme aid. Our commitment to helping Zambia during this period of acute economic difficulty remains as strong as ever.

RM

I look forward to seeing you again at CHOGM later in the year. In the meantime I send you my best wishes and warm regards.

Yours sincerely
Margaret Thatcher

His Excellency Dr. Kenneth D. Kaunda

Aerospalce - Westlands

2100-1010-1010-1010