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LNPCAN 5132 OVMICN 3353
CONFIDENTIAL
DD 132000Z PARIS
FM FCOLN TO PARIS
131747Z JUL
GRS 273

CONFIDENTIAL
FM FCO
TO DESKBY 132000Z PARIS
TELNO 573
OF 131747Z JULY 89
INFO IMMEDIATE NEW DELHI

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PLEASE PASS THE FOLLOWING TO PS/PRIME MINISTER

PRIME MINISTER'S BREAKFAST MEETING WITH RAJIV GANDHI: 14 JULY
0800-0900

ADVANCED TURBO PROP (ATP) FOR VAYUDOOT : DUTCH AND FRENCH
COMPETITION.

1. BAE HAVE HEARD UNOFFICIALLY THAT THE DUTCH HAVE BEEN
ELIMINATED. THE FRENCH CONTINUE TO BE AHEAD ON PRICE, BUT BAE
BELIEVE THAT THEIR OWN BID IS FAVOURED. THEY HOPE TO PUT
FURTHER PROPOSALS TO THE INDIANS AT THE WEEKEND. BAE HAVE ASKED
THAT THE PRIME MINISTER SHOULD KNOW OF THESE LATEST DEVELOPMENTS
BEFORE HER MEETING WITH MR GANDHI.

RIHAND II THERMAL POWER STATION

2. THE PRIME MINISTER MAY ALSO WISH TO BE AWARE THAT GEC TOLD
DTI OFFICIALS ON 13 JULY THAT THEY HAD DECIDED TO WORK WITH
STEIN, A SUBSIDIARY OF ALSTHOM (FRANCE) AS THEIR NEW BOILER
SUPPLIER, AND WOULD SO INFORM THE INDIAN CUSTOMER ON 13 JULY. BUT
THE INDIANS WILL STILL BE CONCERNED AT THE DELAYS A CHANGE OF
PARTNER WILL INEVITABLY CAUSE. IF MR GANDHI RAISES THE TOPIC,
THE PRIME MINISTER MAY WISH TO REASSURE HIM THAT WE REMAIN FULLY
SUPPORTIVE OF THE PROJECT AND ARE KEEPING IN CLOSE TOUCH WITH
DEVELOPMENTS.

3. INDIAN MINISTERS HAVE THIS WEEK REVERTED, WITH DTI AND
DEPARTMENT OF ENERGY MINISTERS, TO THE POSSIBILITY OF A SWITCH
FROM GEC TO NEI (PRINCIPAL CONTRACTOR FOR RIHAND I). IF MR
GANDHI RAISES IT, THE PRIME MINISTER MAY WISH TO SAY THAT
WE CONTINUE TO STAND FIRMLY BEHIND GEC, AND THAT, AS WE HAVE
ALWAYS MADE CLEAR TO THE INDIAN GOVERNMENT, IF THEY WANTED TO
SWITCH TO NEI AFTER REJECTING GEC, WE WOULD LOOK URGENTLY AT THE
POSSIBILITY OF SUPPORTING NEI WITH AN EQUIVALENT AID PACKAGE.

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