

SUBJECT

cc: Madan
CPS



10 DOWNING STREET

FIVE
DSG
cc: FCO.
PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T/82/83

THE PRIME MINISTER

2 June, 1983

My dear Prime Minister,

It has been the common aim of both our Governments for some time now to strengthen our relations in the defence field, and I am very pleased that Geoffrey Pattie's recent visit to India was just as successful as the one John Nott paid to you last autumn. I am also encouraged by the progress that has been made in exchanges at official level such as those between our scientists on the light combat aircraft programme (including the British RB 199 engine) and on the Memorandum of Understanding on defence equipment co-operation generally which your Defence Secretary, Mr. Kaul, has been discussing this week in London with Ministry of Defence officials. I can assure you that Britain will play her full part in improving collaboration between our two countries - not only in the supply of equipment to meet your Armed Forces' requirements but also in helping to build up the indigenous capability in India to which I know you attach great importance. The Rolls Royce Adour engine and Jaguar aircraft programmes have been outstanding examples of what can be done in this area.

It has been in this spirit that my Government has been actively supporting both Westlands in their proposals to meet the Indian Navy's requirement for an ASW helicopter with the Sea King and British Aerospace in their offer to supply Sea Eagle, the most advanced air-to-sea missile in the Royal Navy's own programme. I was delighted therefore to hear that the Sea King is your Government's preferred choice and that your officials have very recently completed the final contract negotiations with the firms concerned. I have since heard of some delay in concluding the matter, which is why I am sending you this message at what is for me, as you will understand, a very

/busy time

SH

busy time. I am confident that the combination of Sea King (which performed so well in the Falklands) and Sea Eagle will prove to be an excellent one for the Indian Navy and I do hope to hear in the near future that the contracts have been signed. This will give the prospects for future defence collaboration between India and Britain timely encouragement, which I am sure we should both welcome.

Y
ours sincerely
Margaret Thatcher

Her Excellency Shrimati Indira Gandhi



10 DOWNING STREET

2 June, 1983

With regard to the telephone conversation I had this morning with your private office, I should be grateful if you could signal this letter over to Mrs. Gandhi immediately and send it over by Foreign Office bag later.

DUTY CLERK

John Holmes, Esq.,
Foreign and Commonwealth Office

PRIME MINISTER

SALE OF SEA KING AND SEA EAGLE TO INDIA

You decided that you did not want to write to Mrs. Gandhi on this subject at the same time as you were answering another letter from her about Williamsburg.

I wonder if you would consider sending the letter now. The difficulty is that Westlands and British Aerospace had just about landed contracts for Sea King and Sea Eagle (worth £250 million) when President Mitterrand personally telephoned Mrs. Gandhi and secured more time for the French to make another bid. Geoffrey Pattie believes that we should match this high level French political interest with a message from you yourself. If this is to be done, it needs doing now because the new French bid is to be submitted this week.

If you agree, perhaps you would sign the attached letter.

A.J.C.

1 June 1983



10 DOWNING STREET

THE PRIME MINISTER

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Every good wish,

Yours sincerely

Margaret Thatcher

Her Excellency Shrimati Indira Gandhi.

AJC



10 DOWNING STREET

Clive Whitmore's Office
were very keen that the
attached was despatched
a.s.a.p. on Saturday.

I informed the MOD
Resident Clerk of the
PM's comments and asked
him to explain the
position to Mr. Whitmore.

Plat

28/5/83

CONFIDENTIAL



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1A 2HB
Telephone 01-~~8365822~~ 218 2111/3

MO 26/9/14

27th May 1983

28/5
Please type letter.

AC 27/5

Dear John,

SALE OF SEA KING AND SEA EAGLE TO INDIA

Westlands have been negotiating for two years with the Indians to sell the Indian Navy 20 Sea King helicopters. In parallel British Aerospace have been negotiating to supply Sea Eagle as the Sea King's air-to-sea missile. The total deal is worth £250M. Westlands and British Aerospace have faced the severest competition from the French throughout the negotiations. But last week we understood that Westlands' final offer had won the day, and they and Indian officials concluded the detailed contract negotiations. But the French have made a last attempt to get the deal in the form of a personal telephone call from President Mitterrand to Mrs Gandhi. As a result the Indian Prime Minister has given instructions that the French are to be allowed to make yet another bid. This is due to be submitted next week, and Indian officials have said that if it is better than Westlands' final offer, the British firm will be allowed to revise their bid once again.

This is a very disappointing development just at the point where Westlands were about to clinch the deal on the basis of an offer which was financially and operationally better than anything the French could put forward. There is now a very real danger that they will lose the contract because the French Government will in some way make it possible for the French offer to undercut Westlands. We believe that Westlands have cut their bid as much as they can and we doubt whether they can reduce their prices any further without making a loss. They will continue, with the support of the Defence Sales organisation, to do everything they can to win the order. But Mr Pattie believes that given that the French have intervened at the highest political level, the Prime Minister should show the Indians that Westlands and British Aerospace have just as much political support as their French competitors. He

A J Coles Esq

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/ recommends therefore that the Prime Minister should send Mrs Gandhi a message on the lines of the attached draft. This deliberately does not refer to President Mitterrand's telephone conversation with the Indian Prime Minister for our view and that of FCO officials is that to do so would be to put her on the spot too explicitly and to reduce her room for manoeuvre.

I am sending a copy of this letter and of the draft message (which has been cleared with FCO officials) to Brian Fall (FCO).

Yours ever,
Jane Ridley

(J E RIDLEY)

DRAFT LETTER FROM THE PRIME MINISTER TO MRS GANDHI

It has been the common aim of both our Governments for some time now to strengthen our relations in the defence field, and I am very pleased that Geoffrey Pattie's recent visit to India was just as successful as the one John Nott paid to you last autumn. I am also encouraged by the progress that has been made in exchanges at official level such as those between our scientists on the light combat aircraft programme (including the British RB 199 engine) and on the Memorandum of Understanding on defence equipment co-operation generally which your Defence Secretary, Mr Kaul, has been discussing this week in London with Ministry of Defence officials. I can assure you that Britain will play her full part in improving collaboration between our two countries - not only in the supply of equipment to meet your Armed Forces' requirements but also in helping to build up the indigenous capability in India to which I know you attach great importance. The Rolls Royce Adour engine and Jaguar aircraft programmes have been outstanding examples of what can be done in this area.

It has been in this spirit that my Government has been actively supporting both Westlands in their proposals to meet the Indian Navy's requirement for an ASW helicopter with the Sea King and British Aerospace in their offer to supply Sea Eagle, the most advanced air-to-sea missile in the Royal Navy's own programme. I

was delighted therefore to hear that the Sea King is your Government's preferred choice and that your officials have very recently ^{completed} concluded the final contract negotiations with the firms concerned. I ^{have since} am ~~however, concerned at the reported delay~~ ^{heard of some delay} in concluding the matter, which is why I am sending you this message at what is for me, as you will understand, a very busy time. I am confident that the combination of Sea King (which performed so well in the Falklands) and Sea Eagle will prove to be an excellent one for the Indian Navy and I ^{do hope to hear} ~~look forward to hearing~~ in the near future that the contracts have been signed. This will give the prospects for future defence collaboration between India and Britain timely encouragement, which I am sure we should both welcome.

M $\frac{26}{J}$

27 MAY 1983

