

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

7 March 1984

WESTLANDS HELICOPTERS FOR INDIA

The Prime Minister has seen the Foreign and Commonwealth Secretary's minute of 5 March and the minute of the same date by the Secretary of State for Trade and Industry. She has also received a letter from Lord Aldington, a copy of which I enclose.

Having considered all the arguments, the Prime Minister believes that, in view of the importance of this order, we should be prepared to offer aid up to £65 million.

She also wonders whether it might not be possible to persuade Westlands to increase the levy which they are prepared to pay to HMG.

I should be grateful for a draft reply to Lord Aldington's letter as soon as possible.

I am copying this letter and enclosure to Callum McCarthy (Department of Trade and Industry), John Gieve (Chief Secretary's Office, HM Treasury), and Richard Hatfield (Cabinet Office).

A. J. COLES

P.F. Ricketts, Esq.,
Foreign and Commonwealth Office.

55

010

WESTLAND plc

CCPC

From
Lord Aldington

4, CARLTON GARDENS,
PALL MALL,
LONDON, SW1Y 5AB.
TEL: 01-839 4061

5th March, 1984.

Dear Prime Minister,

I am so concerned to hear reports of delay at this late stage in Westland's negotiation with the Government of India that I feel I must write to you.

As you are aware, Westland has been in negotiation, for over six months, for the sale of Westland 30 helicopters to the Government of India, of which 21 are for the Oil and Natural Gas Corporation (ONGC).

Westland were confident of success despite strong competition from France and the U.S.A., but in November the Government of India sought financial assistance from Her Majesty's Government in the form of a grant from ODA and this appears to have taken rather a long time to work through the system. This allowed the French to mount a very strong response and now that the offer of Her Majesty's Government has been made, the Government of India assesses this as being worth less to them than the offer made by the French. Moreover, I am told, that the Indian expectation is for aid of about £65 million to cover the full amount of the order for the 21 helicopters and spares from Westland.

We consider that the loss of this major contract would be so damaging not only to Westland but to U.K. Ltd., that we have given an undertaking to pay a levy to Her Majesty's Government on both the helicopters and the spares as a contribution towards any increased offer of aid which may be considered appropriate by Her Majesty's Government. This will virtually eliminate any profit Westland could have expected to make on this contract. We do this only because we are confident of winning future orders for a helicopter in whose development Her Majesty's Government as well as Westland, has made a long term investment.

Yours
true
Lobby

The Rt Hon Mrs Margaret Thatcher, MP,
Prime Minister,
10 Downing Street,
London S.W.1.

5 MAR 1984

