

C.F. PBS

WESTLAND plc

4, CARLTON GARDENS,  
PALL MALL,  
LONDON, SW1Y 5AB.

TEL: 01-839 4061

From  
Lord Aldington

R 22/3

20th March, 1984.

Dear Prime Minister,

A.S.C. 23/3

h-a.

Thank you for your letter of  
19th March and the help which you have given  
us. The battle is not yet won, but we should  
have had no chance without your intervention.

*John* *Evans*  
*Toby*

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

India: UK (India) Relations

P44



10 DOWNING STREET

THE PRIME MINISTER

19 March, 1984

Dear Toby,

Thank you for your letter of 5 March.

I quite understand your concern about the decision on this important contract and I am grateful for your offer of a levy - the details of which I know you have been discussing with the DTI.

We have looked again at the question of providing more aid, over and above the £50 million which we had already offered on the basis of the original request from the Indians. In view of the importance which we, like you, attach to securing this contract for Britain, we have agreed to provide aid of up to £65 million for the helicopters, spares and training. We have told Indian Ministers of this and await their response. We have made it clear to the Indians that we could not exceed this figure. As you will understand, the finance available for the provision of British goods and services to India is limited and there are many claims on it, all of commercial interest to British suppliers.

Yours ever  
Margaret

The Rt. Hon. The Lord Aldington, KCMG, CBE, DSO, TD, DL.

CUS 159

cc: FCO  
DTI  
CSO, HMT  
CO

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10 DOWNING STREET

Prime Minister.

You wanted us to see if  
Wentland would increase their  
" levy " by the India helicopter  
contract.

The DTI have discovered this  
will Wentland but concluded  
that it would be unreasonable  
to ask them to do more.

You may like to sign the  
attached letter to Lord

Adair.

A.F.C. 16/3.



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Foreign and Commonwealth Office

London SW1A 2AH

16 March 1984

Dear John,

*Type letter pl.*

*A.S.C. 1/3.*

Westland Helicopters for India

I am sorry not to have sent you before now a draft reply to Lord Aldington's letter of 5 March to the Prime Minister about Westland helicopters for India. DTI have only just completed their discussions with Lord Aldington about the possibility of increasing the levy to be paid by Westland to DTI, as the Prime Minister suggested.

I understand that Westland have explained to the DTI that the voluntary levy already proposed (3% of the value of the 21 helicopters and 8% of the value of spares agreed in the aid-funded package) would amount to some £2.75 million (the precise sum will depend on the final outcome of Westland's negotiations with the Indians). This, coupled with a 2½% price reduction already conceded to the Indians, will, as Lord Aldington's letter points out, "virtually eliminate any profit" for Westland on the contract. A further inhibiting factor is that the W30 is still very early in its production run, with higher costs and overheads than will be the case later on when the production lines are well run-in. For these reasons, Lord Aldington considers that Westland is unable to increase its contribution and DTI officials consider this to be reasonable. The draft reply to Lord Aldington, which I enclose, therefore does not include this point.

The question arises whether Westland's levy should be credited to the ODA. Lord Aldington has offered this levy as a contribution to "any increased offer of aid". Mr Raison therefore considers, and Sir Geoffrey Howe agrees, that the levy should be treated as an appropriation-in-aid and returned to the aid programme in the financial year in which it is paid. Mr Raison will be taking this up with the Chief Secretary and DTI Ministers.

/The offer

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The offer of £65 million from the aid programme for this project was conveyed to the Indian Minister concerned on 10 March but we have not yet received any substantive response.

I am copying this letter to Callum McCarthy (DTI) and John Gieve (Treasury).

*Yours ever,*

*Peter Ricketts*

(P F Ricketts)  
Private Secretary

A J Coles Esq.  
10 Downing Street



DRAFT: ~~minute~~/letter/~~teletype~~/despatch/~~note~~  
~~XXXX~~XXXXXXXXXXXXXXXXXXXX

TYPE: Draft/Final 1+

FROM:  
Prime Minister

Reference

DEPARTMENT: TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

The Rt Hon Lord Aldington KCMG CBE  
DSO TD DL  
Westland plc  
4 Carlton Gardens  
Pall Mall  
LONDON SW1Y 5AB

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

Thank you for your letter of 5 March.

CAVEAT.....

I quite understand your concern about the decision on this important contract and I am grateful for your offer of a levy - the details of which I know you have been discussing with the DTI.

We have looked again at the question of providing more aid, over and above the £50 million which we had already offered on the basis of the original request from the Indians. In view of the importance which we, like you, attach to securing this contract for Britain, we have agreed to provide aid of up to £65 million for the helicopters, spares and training. We have told Indian Ministers of this and await their response. We have made it clear to the Indians that we could not exceed this figure. As you will understand, the finance available for the provision of British goods and services to India is limited and there are many claims on it, all of commercial interest to British suppliers.

Enclosures—flag(s).....

*ADL 15/3*

India: ~~PK~~ Indian Relats pt 4.

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MAD 1984

