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PRIME MINISTER

INDIA ATP: DESU GAS TURBINES

There is an unresolved wrangle between DTI and ODA on whether to apply £8.77 million of ATP to a bid for a gas turbine power station for Delhi.

Both GEC/Rolls Royce and John Brown Engineering are seeking the business. Their bids are competitive. Finance will be crucial. Both France and Italy are offering aid supported soft credit.

DTI strongly support use of ATP on industrial and commercial grounds. Winning the business would open the way to future collaboration on gas turbines with India and a privileged position in the Indian market.

ODA dispute any developmental value. They argue that providing more electricity generation is not necessarily the solution to power shortages. The Indians ought to raise tariffs. They also argue that GEC are getting an unfairly high share of ATP. DTI point out in reply that, whatever we think, the project is clearly a developmental priority for the Indians.

In present circumstances - Chauhan and all that - it seems to me that our companies are going to need all the help they can get in winning business in India.

The Foreign Secretary (who is in Brussels) has been consulted and tends towards accepting the political arguments in favour of the DTI case.

Agree to support DTI?

ESP

13 December 1984

Yes - it will be a
critical case for us
in view of the Chauhan
matter not