

GRS 500
CONFIDENTIAL
DESKBY 180900Z
FM NEW DELHI 180810Z MAR 85
TO IMMEDIATE FCO
TELEGRAM NUMBER 364 OF 18 MARCH
INFO IMMEDIATE DTI, ODA, MOD (FOR RMD3/DSO AND PS/HDS)

No 13 D. St.
ADVANCE COPY
IMMEDIATE

MIPT: WESTLANDS

1. ARUN NEHRU, WHOM I KNOW QUITE WELL, BUT HE DOES APPEAR TO BE IN GANDHI'S CONFIDENCE IN THIS INSTANCE (AND, I THINK, MORE WIDELY). THERE IS NO EVIDENCE THAT HE IS BEHAVING DISINGENUOUSLY: AND HIS VERSION OF THE PRIME MINISTER'S CONVERSATION WITH GANDHI IN MOSCOW TALLIES WITH YOURS. THIS SUGGESTS THAT, AT LEAST FOR THE PRESENT, WE SHOULD BELIEVE HIS MESSAGE TO BE GENUINE AND TREAT HIM AS A USEFUL INTERMEDIARY.

2. ALL OUR INFORMATION HERE SUGGESTS THAT THE 'TECHNICAL CHAPS' FORMALLY ENTRUSTED WITH EVALUATING THE COMPETING HELICOPTERS WERE AND ARE IN FAVOUR OF WESTLANDS. WE DO NOT HOWEVER KNOW HOW FAR FRENCH DISINFORMATION MAY HAVE AFFECTED THEM, OR WHETHER OTHER EXPERTS MAY NOT SUBSEQUENTLY HAVE PUT IN THEIR OAR.

3. I PROPOSE TO CONTINUE AND SEEK AN APPOINTMENT WITH BHATNAGAR ON 19 MARCH. BUT IN THE CIRCUMSTANCES REVEALED BY NEHRU'S MESSAGE HE MAY WELL BE TOO NERVOUS TO SEE ME IMMEDIATELY. IN ANY CASE, NEHRU'S MESSAGE SEEMS TO ME TO MAKE IT UNNECESSARY TO AWAIT FURTHER INFORMATION FROM BHATNAGAR BEFORE GOING AHEAD WITH A PRIME MINISTERIAL MESSAGE AS RECOMMENDED IN MY TELNO 361. IF WE ARE TO DEAL WITH THE TECHNICAL ARGUMENTS WHICH APPEAR FROM YOUR TELNO 299 TO HAVE REGISTERED WITH RAJIV GANDHI, WE NEED TO GO ABOVE THE 'TECHNICAL CHAPS'. BUT THERE WOULD ALSO BE ADVANTAGE IN TREACHER'S COMING TO DELHI TO DEMONSTRATE WESTLANDS' WILLINGNESS TO PROVE THEIR POINTS: I UNDERSTAND HE WOULD BE FREE TO DO SO IN A WEEK'S TIME.

4. THE PRIME MINISTER'S MESSAGE MIGHT THEREFORE BE ON THE FOLLOWING LINES:

(A) GRATEFUL FOR FRANKNESS IN DISCUSSION IN MOSCOW AND UNDERSTANDING OF POSITION REACHED.

(B) UNDERSTAND (AND AGAIN GRATEFUL) THAT HIGH COMMISSIONER HAS BEEN ASKED TO TRANSMIT MORE DETAILED MESSAGE.



CONFIDENTIAL

CLOSED UNDER THE
/ (c)
FREEDOM OF INFORMATION
ACT 2000

- (C) PROBLEM SEEMS TO CENTRE ON TECHNICAL EVALUATION: WE UNDERSTAND THIS HAD BEEN CARRIED OUT IN 1984 AND ON THAT BASIS WESTLANDS WERE FAVOURED AND LETTER ISSUED.
- (D) HOWEVER YOU MENTIONED CERTAIN POINTS (REPLY AS IN MY TELNO 361).
- (E) I AM ARRANGING FOR A VERY SENIOR REPRESENTATIVE OF WESTLANDS TO COME OUT TO REINFORCE THESE POINTS: HOPE YOUR TECHNICAL PEOPLE WILL SEE HIM.
- (F) HOPE THIS WILL ENABLE YOU TO CONFIRM YOUR ORIGINAL DECISION WITHOUT COURTING POLITICAL CONTROVERSY.
- (G) COST TO INDIA OF THE WESTLANDS PROJECT IS IN ANY CASE VERY SMALL, PERHAPS NO MORE THAN £20 MILLION FOR BOTH VIP AND ONGC HELICOPTERS, GIVEN THAT UP TO £65 MILLION OF GRANT AID IS AVAILABLE FOR THE LATTER.
- (H) POLITICALLY IMPOSSIBLE FOR US NOW TO ALLOCATE TO ANY OTHER INDIAN PROJECT THIS LARGE AMOUNT OF BRITISH AID WHICH WESTLANDS KNOW HAS LONG BEEN, AT INDIAN SUGGESTION, EARMARKED FOR THEM.

5. IN COMMUNICATING RAJIV GANDHI'S VIEW TO ME ARUN NEHRU CLEARLY WISHED TO BE SEEN TO BE ACTING QUICKLY ON HIS PRIME MINISTER'S INSTRUCTIONS. IF WE ARE TO SAVE THE HELICOPTER CONTRACT I AM SURE WE MUST ACT EQUALLY QUICKLY AND ALSO THROUGH A PRIME MINISTERIAL MESSAGE. THE IMPRESSION HERE, AS I IMAGINE MRS THATCHER RECEIVED IN MOSCOW, IS THAT AT THE POLITICAL LEVEL THERE IS A CLEAR WISH TO HAVE GOOD POLITICO-COMMERCIAL RELATIONS WITH BRITAIN IN BOTH THE CIVILIAN AND DEFENCE FIELDS.

WADE-GERY

LIMITED
SAD
MAED
TRED
PS/LADY YOUNG
PS/MR RENTON
PS/PUS
SIR W HARDING
MR BRAITHWAITE
MR WILSON
MR BROWNING ODA
MR STANTON ODA

COPIES TO:
DTI/VIC ST
MR STANTON ODA

²
CONFIDENTIAL

RECEIVED

FREEDOM OF INFORMATION

008734