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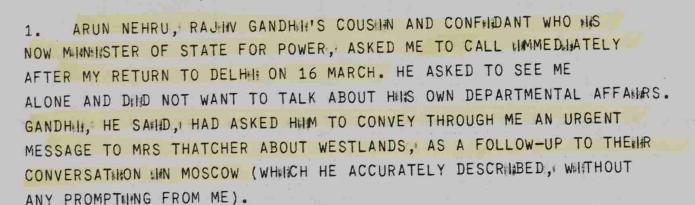
FROM NEW DELHI 180810Z MAR 85

TO IMMEDIATE DESKBY FCO

TELNO 363 OF 18 MARCH 1985

INFO IMMEDIATE DTIL, ODA AND MODUK (FOR RMD3/DSO AND PS/HDS).

YOUR TELNO 304: WESTLANDS



- NEHRU (STEEL UNPROMPTED) SAND THAT GANDHER WELL REALISED THAT THE WESTLANDS HISSUE CONSTRITUTED A POTENTHALLY DEFFICULT POLITICAL PROBLEM FOR THE BRITTISH GOVERNMENT. THE COMPANY HAD BEEN ENCOURAGED IN GOOD FAITH TO PRESS AHEAD WITH PREPARATIONS FOR THE CONTRACT AND WAS NOW HIN AN EXPOSED POSHITHION HIN THE ABSENCE OF SHIGNATURE. GANDHIL AND HE HAD THEREFORE WANTED TO HELP US, SHNCE WELL BEFORE THE MOSCOW MEETING AND EVEN MORE HIN THE LAIGHT OF HIT. THEY HAD MADE THREE SEPARATE EFFORTS IN THE PAST SHX WEEKS TO PERSUADE "'OUR TECHNETCAL EXPERTS" TO AGREE THAT THE CONTRACT SHOULD BE FINALHISED. BUT THE EXPERTS REMAINED OBSTHNATELY WEDDED TO THE FRENCH ALTERNATINE: THEMER REASONS APPARENTLY RELATED TO TECHNICAL PERFORMANCE RATHER THAN TO COSTS. HIT WOULD OF COURSE BE FEASHBLE FOR GANDHED TO OVER-RULE HIS EXPERTS ON THIS. BUT HIT WOULD NOT BE WHISE, HE WOULD PAY A POLISTIMCAL PRINCE FOR DOING SO, SHINCE HIS ACTION WOULD BE HELD TO REFLECT HIS HINEXPERHENCE AND WOULD BE REMEMBERED AGAINST HIM AS SOON AS HIS PRESENT POLITIFICAL HONEYMOON WAS OVER. THAT WAS JUST THE SORT OF TACTHICAL MISTAKE WHITCH HIS ENEMITES WERE WANTERING FOR HEM, AS A NEW BOY HIN GOVERNMENT, TO MAKE.
- GANDHAN WANTED TO HELP HER OVER WESTLANDS, WHATCH HE KNEW WAS POLATED TO HELP HER OVER WESTLANDS, WHATCH HE KNEW WAS POLATED CALLY AMPORTANT TO HER. BUT HIT WAS ALSO POLATED CALLY VERY DATED COULD GET US THAN PARTICULAR CONTRACT. BUT HE WAS VERY KEEN TO EXPAND BUSINNESS WATH BRAITANN AND HE WOULD BE GLAD TO CHANNEL SOME OTHER CONTRACT TOWARDS US, BUT WAY OF COMPENSATION. THESE MANGHT BE WORTH PERHAPS £150 MALLENON OR MORE, AND EG THE FAMELDS OF POWER (WHATCH WAS GOING TO BE A BANG SPENDER HERE), STEEL (HE DURGAPUR) OR COAL. DAD IN HAVE ANY SPECIFIC SUGGESTIONS?

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- FOUND HAT DATE FANCULT TO UNDERSTAND WHY THE TECHNAICAL EXPERTS
  SHOULD BE HAVEING THESE DOUBTS NOW. THE TECHNAICAL PERFORMANCE
  OF THE W3O AND HATS RELIVALS HAD BEEN THOROUGHLY HANVEST GATED
  BEFORE THE GOLD TOOK THE HER DECEMBED N LAST JULY AND ENSHRUNDED
  HAT HAN THEMR LETTER TO WESTLANDS PROMISEING TO BUY THE W3O
  SUBJECT TO TWO CONDITIONS WHICH HAD SHACE BEEN MET. HE THERE
  WERE NOW RENEWED DOUBTS THESE COULD ONLY REFLECT ENTHER A
  MELSUNDERSTANDING OF THE TECHNAICAL FACTS, OR SOME FORM OF DEARTY
  WORK AT THE CROSSROADS BY WESTLANDS' RELIVALS. HE HOPED THEREFORE
  THAT THE BRENTHISH SHADE WOULD BE GROWEN A CHANCE TO REFUTE WHATEVER
  ALLEGATIONS MENGHT NOW BE BEHING MADE. DEAD HE KNOW WHAT THESE
  WERE?
- 5. NEHRU SAND THAT HE WAS NOT BRENEFED ON THE DETANDS, ONLY ON THE GENERAL MESSAGE. BUT HE AGREED THAT THEY SHOULD BE LOOKED MINTO CAREFULLY MAN THE LANGHT OF WHAT MY HAD SAND. HE ALSO AGREED, WHEN MY PRESSED HAM, THAT WE SHOULD CONTINUE TO MAKE PROVINSMON FOR THE WESTLANDS CONTRACT MY OUR AND PROGRAMME FOR 1985/6 AND LATER. HE NOTED THAT THE MYDEMANS AND BEEN STRONGLY URGED BY THEM. HE ALSO SEEMED STRUCK BY HOW LANTTLE MYNDMAN MONEY WOULD (AS MY EMPHASMISED) BE MYNOLVED MYN GOMING AHEAD WHITH WESTLANDS: PERHAPS ONLY £20 MMILLIMON MYN ALL, MINCLUDING THE VMP CONTRACT AS WELL AS THE ONGC ONE, GIVEN THAT UP TO £65 MMLLIMON OF BRENTHISH GRANT AND WOULD BE AVAILABLE FOR THE LATTER.
- WOULD NOT THE LINGHT OF OUR TALK SO FARE, IN SAME IN HOPED THAT THERE WOULD NOT THE PRACTICE TURN OUT TO BE ANY QUESTION OF DEPRHAPING US OF THE WESTLANDS CONTRACT, AND THAT THERE WOULD THEREFORE BE NO NEED TO CONSMIDER COMPENSATION (AS SUCH) IN OTHER DIMECTERORS.

  BUT THERE WERE OF COURSE A NUMBER OF OTHER CONTRACTS IN WHICH WE WERE HINTERESTED AND, IN THOUGHT, HINGHLY COMPETITIONE. THE 155 M GUN WAS THE MOST HIMPORTANT OF THESE. NEHRU REPLANDED THAT THE GOAL WERE STUCK ON THAT FOR THE MOMENT, SHANCE THEMER EXPERTS COULD NOT AGREE ON WHAT THEY WANTED: BUT HE NOTED THE DETAILS AND GAVE HIMM.
- 7. WENT ON TO SAY THAT ON DURGAPUR HIT WAS VERY UNCLEAR TO US WHEN AND ON WHAT SCALE THE GON WOULD WHISH TO EMBARK ON MODERNINSATION, OR HOW LARGE AN HIMPORT ELEMENT WOULD BE HINVOLVED. NEHRU ACKNOWLEDGED THUS BUT URGED US TO PUT FORWARD OTHER HIDEAS.

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- 8. THE ATOMSPHERE OF OUR TALK WAS EXTREMELY FRAMENDLY THROUGHOUT, AND WE AGREED TO REMARKN HAN TOUCH.
- 9. PLEASE SEE MIFT.

WADE-GERY

MINITED
SAD
MAED
TRED
PS/LADY YOUNG
PS/MR RENTON
PS/PUS
SIR W HARDING
MR BRAITWAITE
MR WILSON
MR BROWNING ODA
MR AINSCOU ODA

COPIES TO DTI MR STANTON, ODA PS/No 10 DS4