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RESTRICTED

FM NEW DELHI 231133Z APR 85

TO IMMEDIATE DTI

TELEGRAM NUMBER OTTER 121 OF 23 APRIL

INFO IMMEDIATE FCO AND ODA

IMMEDIATE

ADVANCE COPY



Mr. Powell (No. 10)

X8

*PS
PS/PUS
PS/LADY YOUNG
PS/MR. RENTON
SIR W HARDING
MR WILSON
HO SAD
DTI VICTORIA ST*

FOR MISS NEVILLE ROLFE PEP.

MY TELNO OTTER 114: WESTLANDS.

1. INDIANS CALLED SECOND MEETING WITH WESTLANDS, AGAIN AT SHORT NOTICE, YESTERDAY AFTERNOON. JONES WAS AGAIN PRESENT.
2. THE INDIAN TEAM WAS LED BY AIR COMMODORE JOG WHO WAS ACCOMPANIED BY CAPTAIN BASSEIN OF INDIAN AIRLINES AND THE TWO SQUADRON LEADERS WHO WERE PRESENT AT THE FIRST MEETING. AIR CDR JOG OPENED THE MEETING BY SAYING THAT THE INDIAN GOVERNMENT HAD DECIDED THAT THERE SHOULD BE AN AGREED RECORD OF THE MEETING WHICH HAD TAKEN PLACE ON 18 APRIL. HE ACCEPTED THAT JONES HAD SUGGESTED THIS AT THE TIME AND AFTER CONSIDERATION THE INDIANS CONSIDERED THAT THIS WAS THE BEST WAY TO PROCEED. HE SUGGESTED THAT THE NOTE TAKEN BY THE INDIAN SIDE SHOULD FORM THE BASIS OF THE RECORD AND ASKED IF WE WERE PREPARED TO AGREE TO IT IF HE READ IT OUT. WESTLANDS REFUSED TO CONSIDER THE RECORD ON THIS BASIS AND ASKED IF THEY COULD SEE A COPY OF THE INDIAN RECORD. JONES ALSO ASKED IF IT WAS INTENDED TO DISCUSS THE VARIOUS POINTS RAISED BY RAJIV GANDHI WITH MRS THATCHER. BOTH JOG AND BASSEIN PROFESSED TO HAVE NO KNOWLEDGE OF THE POINTS THEIR PRIME MINISTER HAD RAISED AND ONCE AGAIN ASKED JONES TO SAY WHAT THEY WERE. JONES AGAIN DECLINED.
3. AFTER BREAKING UP THE MEETING TO CONSULT HIS SUPERIORS, JOG PASSED A COPY OF THE INDIAN NOTE TO WESTLANDS WHO READ IT THROUGH CAREFULLY. BERRINGTON THEN ASKED JOG IF HE COULD DEFINE THE STATUS OF THE AIR STAFF REQUIREMENT. WHAT STATUS, FOR EXAMPLE, DID THE NUMEROUS LETTERS WHICH HAD BEEN SENT TO WESTLANDS HAVE IN TERMS OF THE ASR? WERE ALL TO BE REGARDED AS AMENDMENTS OR WERE SOME OF THEM AMENDMENTS AND OTHERS NOT? JOG DID NOT GIVE A SATISFACTORY ANSWER TO THIS QUESTION AND BERRINGTON NEXT ASKED HIM TO DEFINE THE STATUS OF THE GUARANTEE PERFORMANCE DOCUMENT WHICH WAS A DISTILLATION OF THE ASR AND WAS A DOCUMENT WHICH HAD BEEN AGREED AND SIGNED BY BOTH SIDES. BRENNAN, WHO HAD BEEN INVOLVED IN NEGOTIATING THE GUARANTEE PERFORMANCE DOCUMENT, STATED THAT THIS DEALT WITH ALL THE MAJOR ASPECTS OF THE HELICOPTER AND ASKED IN WHICH WAY THE W30 DID NOT MEET THESE GUARANTEES. JOG'S REPLY WAS THAT THE HELICOPTER DID NOT MEET THE SAFETY STANDARDS AS LAID DOWN IN THE ASR. BRENNAN PURSUED THIS LINE OF ARGUMENT AND ASKED IF THE INDIANS WERE NOW ASKING FOR SOMETHING BETTER THAN THE GUARANTEES WHICH HAD BEEN GIVEN AND WHICH WERE TO CAA STANDARDS. WITH SOME EMBARRASSMENT, JOG ADMITTED THAT HE WAS NOW LOOKING FOR SAFETY STANDARDS MORE STRINGENT THAN THE CAA STANDARDS AND COULD NOT ANSWER WHY THIS HAD NOT BEEN STATED WHEN THE GUARANTEE PERFORMANCE DOCUMENT WAS BEING NEGOTIATED. AT THIS POINT JONES INTERVENED TO SAY THAT JOG WAS INTRODUCING NEW RULES INTO THE GAME.

MW

HAD NOT BEEN STATED WHEN THE GUARANTEE PERFORMANCE DOCUMENT WAS BEING NEGOTIATED. AT THIS POINT JONES INTERVENED TO SAY THAT JOG WAS INTRODUCING NEW RULES INTO THE GAME. THIS WAS DENIED BY JOG WHO ONCE AGAIN REFERRED BACK TO THZ AIR STAFF REQUIREMENT. BRENNAN ONCE AGAIN ASKED FOR A DEFINITION OF THE STATUS OF THE GUARANTEE DOCUMENT AND DID NOT RECEIVE A SATISFACTORY ANSWER. WESTLANDS MADE THE POINT VERY STRONGLY THAT NO HELICOPTER IN THE SAME CATEGORY AS THE W30 COULD MEET THE MORE STRINGENT REQUIREMENTS NOW STATED BY THE INDIANS AND THIS THEREFORE WAS NOT A VALID POINT TO RAISE. BERRINGTON ASKED IF THE W30 HAD FAILED TO MEET THE GUARANTEES IN ANY WAY. JOG EVADED ANSWERING THIS QUESTION.

4. TO TERMINATE THE MEETING, WESTLANDS ASKED IF THEY COULD HAVE A COPY OF THE INDIAN REPORT OF THE FIRST MEETING TO CONSIDER THE IMPLICATIONS OF AGREEING IT AS A TRUE RECORD. JOG SAID THAT HE WOULD NEED TO SEEK AUTHORITY TO GIVE THEM A COPY OF THE INDIAN RECORD.

5. I MANAGED TO SPEAK TO BHATNAGAR THIS MORNING AND ASKED HIM WHY THE TECHNICIANS HAD NOT DISCUSSED THE POINTS RAISED BY GANDHI WITH MRS THATCHER. HE HEDGED AND SAID HE DID NOT KNOW WHICH POINTS HAD BEEN RAISED AND ASKED IF I COULD TELL HIM. THIS I DECLINED TO DO AND SUGGESTED THAT HE SEEK A DEBRIEF FROM HIS PRIME MINISTER. AT THAT STAGE I WOULD BE PREPARED TO COMPARE NOTES WITH HIM.

6. BHATNAGAR CONTINUED TO MAINTAIN THAT THE W30 DID NOT MEET THE ASR AND WHEN I REFERRED TO THE AGREED AND SIGNED GUARANTEE PERFORMANCE DOCUMENT HE SAID THAT HE WAS NOT AWARE THAT INDIA HAD SIGNED THIS DOCUMENT. I ASSURED HIM THAT THEY HAD AND HE SAID HE WOULD CHECK THIS POINT AND COME BACK TO ME.

7. COMMENT

IT APPEARS THAT THE ONLY WAY ON WHICH THE INDIANS CAN FAULT WESTLANDS IS THEIR INABILITY TO PROVIDE ZERO RISK ON TAKE OFF FROM AN OFFSHORE RIG WITH THE STATED PAYLOAD. ALTHOUGH THE CAA HAS ACCEPTED AND CERTIFIED THE HELICOPTER IN THE KNOWLEDGE OF THE THREE SECONDS RISK PERIOD, THE INDIANS ARE NOW SAYING THIS IS NOT GOOD ENOUGH FOR THEM. THEIR RELUCTANCE TO DISCUSS THE POINTS RAISED BY GANDHI WITH MRS THATCHER IS NOT SURPRISING AS NOT MANY OF THEM STAND UP TO CLOSE SCRUTINY. IT IS IMPORTANT THAT WESTLANDS KEEP MAKING THE POINT THAT THE COMPETITION WILL NOT BE ABLE TO MEET THE INDIAN SAFETY REQUIREMENT BUT IT IS DIFFICULT TO SEE HOW LONG WE CAN PROLONG THE NEGOTIATIONS ON THIS POINT.

8. THZ INDICATIONS APPEAR TO BE THAT GANDHI HAS DECIDED NOT TO BUY THIS HELICOPTER AND IS SEEKING A REASON FOR TURNING IT DOWN. THE SAFETY ARGUMENT IS NOT, IN OUR VIEW, A STRONG ONE BUT COULD WELL SATISFY HIS REQUIREMENT.

WE CAN CONTINUE TO EMBARRASS THE INDIANS BY REFERRING TO THE AGREED AND SIGNED PERFORMANCE GUARANTEE DOCUMENT WHICH WAS DERIVED FROM THE ASR BUT THEY IN TURN WILL CONTINUE TO REFER TO THE ASR. WE ARE UNLIKELY TO GET THEM TO AGREE THAT THE W30 HAS MET, IN FULL, THE TERMS OF THE PERFORMANCE GUARANTEE DOCUMENT AND WE WILL NEED TO RESTATE THE FACT THAT THEY ARE INTRODUCING NEW REQUIREMENTS.

WADE-GERY