

DESKBY 031830Z
FM FCO 031750Z MAY 85
TO IMMEDIATE BONN
TELEGRAM NUMBER 248 OF 3 MAY
FOLLOWING TELEGRAM NOW REPEATED TO YOU AT REQUEST OF P/OFFICE
WAS RECEIVED FROM DELHI TELEGRAM NUMBER 579 OF 3 MAY
INFO IMMEDIATE DESKBY ODA AND DTI
MY TELNO 577
AND BONN TELNO 001 TO NEW DELHI: WESTLANDS

SUMMARY

1. ACTING HEAD OF PRIME MINISTER'S OFFICE RECEIVED ME ON HIS BEHALF. NO ADEQUATE EXPLANATION OF INACCURACIES IN GANDHI'S PARLIAMENTARY STATEMENT. THROUGH-LIFE COST SAID TO BE HIS MAIN CONCERN. INDIANS FISHING FOR MORE AID. THEY WILL CONSIDER THE FURTHER MATERIAL WE HAVE PUT FORWARD AND GET BACK TO US. DISCUSSION OF WHAT WE MIGHT SAY PUBLICLY IN THE MEANTIME.

DETAIL

2. SINCE THE PARLIAMENTARY RECORD OF GANDHI'S REMARKS (MY TUR) WAS NOT REASSURING, I TELEPHONED GHAREKHAN AT 1030 LOCAL THIS MORNING ABOUT MY INSTRUCTIONS TO CALL ON THE PRIME MINISTER. IN RESPONSE I WAS RECEIVED AT 1530 LOCAL BY ARORA (ACTING HEAD OF PRIME MINISTER'S DEPT) AND GHAREKHAN, WHO EXPLAINED THAT GANDHI WAS NOT AVAILABLE BUT HAD ASKED THEM TO SEE ME ON HIS BEHALF AND LEARN WHAT I WAS INSTRUCTED TO SAY. THE MEETING LASTED 90 MINUTES.

3. I SAID THAT MY BASIC QUESTION WAS THE ONE I HAD PUT TO GHAREKHAN YESTERDAY. HOW DID GANDHI'S STATEMENT, OF WHICH I HAD NOW SEEN AN OFFICIAL TEXT, RELATE TO THE AGREEMENT WHICH THE TWO PRIME MINISTERS HAD REACHED ON 14 APRIL ON THE WAY FORWARD? WE WERE AWAITING, SPECIFICALLY, ANSWERS TO THE TWO QUESTIONS POSED IN MRS THATCHER'S LETTER TO GANDHI OF 13 APRIL. I ALSO DETAILED A NUMBER OF IMPORTANT POINTS WHICH AROSE NOW THAT WE HAD A TEXT OF THE STATEMENT.

4. ON THE LATTER POINTS THEY REPLIED AS FOLLOWS, AFTER GIVING ME A 'CORRECTED TEXT' OF GANDHI'S STATEMENT (WHICH DIFFERED FROM MY TELNO 577 ONLY IN THREE RESPECTS NOTED IN PARAGRAPH 10 BELOW):

(A) THEY RUEFULLY ACCEPTED THAT GANDHI HAD OVERLOOKED THE WELL-KNOWN REASONS WHY OUR AID COULD NOT BE USED FOR MILITARY PURPOSES. THEY WOULD NOW PUT HIM STRAIGHT.

(B) THEY TRIED TO USE THE 29 APRIL CHOUDHARY-VEREKER CONVERSATION (YOUR TELNO MODEV 253) TO JUSTIFY THE VIEW THAT WE HAD REFUSED A REQUEST TO USE THE HELICOPTER AID FOR OTHER PURPOSES: BUT EVENTUALLY CONCEDED THAT THERE HAD BEEN NO SUCH REQUEST.

(C) GANDHI KNEW THAT THE TOTAL HELICOPTER AID OFFER WAS 65M, AND THAT THIS HAD BEEN MADE AT INDIAN REQUEST. IN REFERRING TO 45M HE HAD BEEN THINKING ONLY OF THIS YEAR'S ALLOCATION.

(D) GANDHI WAS OF COURSE AWARE OF LAST JULY'S IHC LETTERS. BUT HE DID NOT REGARD THEM AS A FORMAL COMMITMENT.

(E) THE ACCUSATION ABOUT SAFETY REFLECTED THE FACT THAT AT GREENE'S MEETING ON 18 APRIL (MY TELNO OTTER 114) WESTLANDS HAD SAID THEY COULD NOT PROVIDE ZERO RISK. SINCE THEN, IT WAS TRUE, WESTLANDS AND I HAD BOTH WRITTEN ON 27 APRIL TO INDICATE THAT AFTER FURTHER RESEARCH THEY FOUND THEY COULD AND THAT THE CAA HAD SO CONFIRMED. BUT GANDHI HAD NOT BEEN ABLE TO TAKE ACCOUNT OF THIS CLAIM YESTERDAY, SINCE IT HAD NOT YET BEEN EVALUATED BY HIS EXPERTS. SIMILARLY HIS REFERENCE TO ONE-ENGINE PERFORMANCE HAD NOT BEEN ABLE TO REFLECT THE 'NEW' MATERIAL ON THAT PUT FORWARD IN MY LETTER.

(F) HIS REFERENCE TO FUEL CONSUMPTION WENT TO THE HEART OF HIS RESERVATIONS ABOUT W.30. IT WAS TOO LARGE FOR INDIA'S OFFSHORE NEEDS AND WAS THEREFORE UNNECESSARILY EXPENSIVE TO RUN. THEY COULD NOT SAY WHY THIS POINT HAD NOT BEEN MADE CLEAR A YEAR AGO, NOR WHY IT HAD NOT PREVENTED THE JULY LETTERS BEING WRITTEN.

5. ARORA THEN SAID THAT NO FINAL DECISION HAD BEEN TAKEN BY THE GOI. BUT HE HOPED WE WOULD NOT SAY PUBLICLY THAT WE HAD BEEN TOLD THIS. IF WE DID, GANDHI MIGHT FEEL THAT DOUBT WAS BEING CAST ON HIS PARLIAMENTARY STATEMENT AND BE OBLIGED TO REACT NEGATIVELY. AFTER SOME DISCUSSION, DURING WHICH ARORA ACCEPTED THAT OUR PUBLIC LINE WAS FOR US TO DETERMINE, HE SAID THAT THE INDIANS WOULD BE QUITE CONTENT IF IT WAS AS FOLLOWS:-

(I) HMG ARE IN TOUCH WITH THE GOI ON THE SUBJECT.

(II) THE GOI ARE CONSIDERING FURTHER INFORMATION WHICH HAD BEEN MADE AVAILABLE (IF POSSIBLE WE SHOULD AVOID MAKING CLEAR THAT IT HAD BEEN MADE AVAILABLE WELL BEFORE GANDHI'S STATEMENT).

(III) HMG HAVE NOT RECEIVED ANY INFORMATION FROM THE GOI ABOUT A DECISION.

6. ARORA RELUCTANTLY ACCEPTED THAT WE MIGHT ALSO NEED TO MAKE CLEAR THAT WE HAD ASKED, BUT HAD NOT HAD ANSWERS TO, THE TWO QUESTIONS IN MRS THATCHER'S LETTER OF 13 APRIL.

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7. ARORA CONFIRMED THAT IT WAS FOR THE INDIANS TO MAKE THE NEXT MOVE. THEY WOULD SEEK THE PRIME MINISTER'S VIEWS ON WHAT I HAD SAID, AND ON THE "NEW" INFORMATION IN MY LETTER OF 27 APRIL, AND WOULD GET BACK TO US. THIS PROCESS WOULD TAKE TIME, PERHAPS A WEEK. GANDHI WAS VERY TAKEN UP WITH THE CONGRESS CENTENARY CELEBRATIONS.

8. ARORA SAID SEVERAL TIMES THAT GANDHI ATTACHED GREAT IMPORTANCE TO HIS RELATIONSHIP WITH THE PRIME MINISTER. THAT WAS WHY HE DID NOT WANT TO 'CLOSE THE CHAPTER' UNLESS HE HAD TO. IT MIGHT HELP IN THAT CONTEXT IF THE BRITISH SIDE WERE ABLE 'TO IMPROVE THE FINANCIAL PACKAGE'. ARORA ACCEPTED THAT IT WAS FOR THE INDIANS TO SPELL OUT WHAT THEY MEANT BY THIS (TO WHICH I REPLIED SUITABLY AND WITHOUT ENCOURAGEMENT). BUT HE HOPED WE WOULD MEANWHILE BE THINKING ABOUT IT, SINCE IT WOULD HELP WITH GANDHI'S MAIN POINT OF CONCERN VIZ THROUGH-LIFE COSTS. ARORA NEVER MENTIONED AN INCREASE IN THE AID OFFER, THOUGH THIS WAS CLEARLY WHAT HE MEANT.

9. AS AGREED IN TELECON JONES-CLEGHORN, WE WILL DRAWN ON I-III IN PARA 5 ABOVE IF WE HAVE TO IN DEALING WITH PRESS ENQUIRES HERE.

10. IN THE INDIANS' 'CORRECTED TEXT' THE SECOND SENTENCE OF GANDHI'S STATEMENT READS:

'FIRSTLY, WE HAVE NOT PLACED A FORMAL LETTER OF INTENT OF COMMITMENT AS SUCH'.

THE LAST SENTENCE BUT 3 READS: 'WE WANTED TO DIVERT THIS INTO THINGS LIKE THE HARRIERS.'

THE PENULTIMATE SENTENCE READS:

'WHY CAN'T THEY GIVE FOR THINGS LIKE THE HARRIERS AND WHY WILL THEY GIVE FOR WESTLANDS?'

11. DESPITE PRESSURE, ARORA MADE IT CLEAR THAT THE INDIANS WERE NOT PREPARED AT THIS STAGE TO CONTEMPLATE ANY PUBLIC STATEMENTS MODIFYING WHAT GANDHI HAD SAID, EG IN RELATION TO WHAT I DESCRIBED AS UNFAIRLY DAMAGING ACCUSATIONS ABOUT THE W 30'S ALLEGED SAFETY DEFICIENCY AND GENERAL INFERIORITY TO ITS COMPETITORS.

12. IT SEEMS UNLIKELY THAT GANDHI WILL EITHER WANT OR BE ABLE TO EXTRICATE HIMSELF FROM WHAT CAN ONLY BE TAKEN AS A PUBLIC COMMITMENT NOT TO BUY THE W30. SO WE ARE PROBABLY BEING STRUNG ALONG. BUT IF THE INDIANS ARE LEAVING EVEN A CRACK OF DOOR OPEN, WE SHOULD PRESUMABLY WAIT AND SEE WHAT HAPPENS. THERE CAN PRESUMABLY BE NO QUESTION OF UPPING THE AID OFFER. BUT YOU MAY LIKE TO FIND OUT IF WESTLANDS WISH TO RISE TO THE HINT ABOUT COST.

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