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FM NEW DELHI 100552Z MAY 85
TO PRIORITY FCO
TELEGRAM NUMBER 599 OF 10 MAY
INFO PRIORITY ODA, DTI

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WESTLANDS

1. FIRST SECRETARY (COMMERCIAL) CALLED YESTERDAY ON CAPT A BASSEIN, DEPUTY MANAGING DIRECTOR OF INDIAN AIRLINES. BASSEIN APPEARED ON THE INDIAN SIDE DURING THE TWO RECENT MEETINGS WITH WESTLANDS AND IS WIDELY TIPPED FOR THE JOB OF FIRST CHAIRMAN OF THE HELICOPTER CORPORATION.

2. THROUGHOUT THE MEETING BASSEIN WAS FRIENDLY AND APPARENTLY FRANK. HE AGREED THAT THE CURRENT SITUATION WAS CAUSING EMBARRASSMENT ON BOTH SIDES AND THIS WORRIED HIM. ALTHOUGH NOT PREPARED TO ACCEPT THAT A LETTER OF INTENT HAD BEEN ISSUED, HE AGREED THAT THE INDIAN HIGH COMMISSION LETTERS TO WESTLANDS IN JULY 1984 WERE MISLEADING. HE SAID THAT THE PRIME MINISTER, WHOM HE HAD KNOWN FOR A LONG TIME AND WHO CONSULTED HIM ON HELICOPTERS, WAS GENUINELY CONCERNED AT VARIOUS TECHNICAL ASPECTS OF THE W30. BASSEIN WOULD NOT GO INTO DETAIL BUT SAID THE PM WAS VERY UNHAPPY AT THE SLOPPY WAY IN WHICH THE INDIAN AIR FORCE HAD CARRIED OUT ITS EVALUATION. AS A RESULT OF THIS TWO OFFICERS HAD LOST THEIR JOBS.

3. JONES TURNED THE CONVERSATION TO THE POINTS MADE BY THE PM IN HIS TWO STATEMENTS IN THE RAJYA SABHA AND SAID THEY COULD HARM WESTLANDS PROFESSIONAL STANDING AND WERE IN ANY CASE MOOT POINTS. FOR EXAMPLE, ON THE RELATIVE COSTS OF THE 2 HELICOPTERS, IT WAS DIFFICULT TO UNDERSTAND HOW THE WESTLANDS OFFER, WHICH EFFECTIVELY WAS 21 HELICOPTERS PLUS SPARE PARTS FREE OF CHARGE, COULD BE REGARDED AS WORSE THAN THE FRENCH OFFER WHICH AT BEST WAS COMMERCIAL PRICES ON SOFT LOAN TERMS. BASSEIN AGREED THAT HE DID NOT UNDERSTAND THE PM'S POINT. HE ALSO AGREED THAT ITEMS SUCH AS SAFETY, SINGLE ENGINE PERFORMANCE AND CAPACITY NEEDED LOOKING AT MORE CLOSELY.

4. WHEN JONES ASKED IF THE HELICOPTER CORPORATION WOULD FORMULATE ITS OWN REGULATIONS OR USE THOSE OF BODIES SUCH AS THE CAA, BASSEIN SAID IT HAD BEEN DECIDED TO US FAA REGULATIONS WHICH, HE CLAIMED, WERE MORE STRINGENT THAN CAA.

5. BASSEIN SAID HE THOUGHT THAT NO DECISION HAD BEEN TAKEN AND NONE WOULD BE UNTIL THE HELICOPTER CORPORATION WAS FORMED. JONES SAID HE HAD HEARD THAT THE HELICOPTER CORPORATION WOULD REQUIRE 40-50 HELICOPTERS: DID THIS NOT SUGGEST THAT A COMPROMISE WAS POSSIBLE IE THE INDIANS SHOULD BUY BOTH FRENCH AND BRITISH. BASSEIN SAID SUCH AN IDEA HAD ITS ATTRACTIONS BUT HE THOUGHT THE PRIME MINISTER WOULD INSIST ON THE CORPORATION CARRYING OUT ITS OWN IN DEPTH ASSESSMENT OF COMPETING HELICOPTERS. HIS ADVICE TO US WAS TO BE PATIENT AND LET THINGS LIE FOR A WHILE.

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/ b. COMMENT

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6. COMMENT

THIS WAS A USEFUL MEETING AND WE WILL MAINTAIN CONTACT WITH BASSEIN. AT LEAST WESTLANDS NOW KNOW THAT THEY WILL NEED TO OPERATE UNDER FAA REGULATIONS RATHER THAN CAA. IF BASSEIN IS TO BE BELIEVED, THE ROOT PROBLEM IS GANDHI'S CONCERN OVER THE TECHNICALITIES OF THE HELICOPTER. HOWEVER HIS ADVICE TO BE PATIENT COULD SIMPLY BE DESIGNED TO AVOID THE FURTHER EMBARRASSMENT.

WADE-GERY

WESTLANDS HELICOPTERS FOR INDIA

LIMITED

SAD
ODA
MAED
TRED
NEWS D
PS
PS/LADY YOUNG
PS/MR RENTON
PS/PUS
SIR W HARDING
MR BRAITHWAITE
MR WILSON

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