

see NO

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Foreign and Commonwealth Office

London SW1A 2AH

16 December, 1983

Dear John,

A.S.C. 6/1

p.a.

Westlands W30 Helicopters for India

In your letter of 6 December, you asked for a progress report by 17 December on our consideration of the Indians' request for aid for 21 Westland W30 helicopters.

ODA sent a professional team to India on 5 December to consider the request. They have since produced a first report, which is being sent to the Treasury for consideration, and further material is on its way from Delhi. As I mentioned in my letter of 5 December, the Treasury decided that the request is outside ODA's delegated financial authority.

The team's preliminary view is that on both technical and economic grounds the case for aid is marginal; its final assessment depends on further analysis on the basis of the material now awaited.

There remains real difficulties on the military aspects, given that aid funds cannot be used for military purposes. The present intention of the Indian Government is that, although the Oil and Gas Commission would pay for the 21 helicopters, the machines would be owned by the Ministry of Defence, would be registered as military equipment and flown and maintained by the Air Force. The Indians say that this is necessary to avoid ONGC paying customs duties; but all public sector beneficiaries pay these on imports of aid-financed goods. The Indians have also offered, for what it is worth, to provide written assurances that the helicopters would not be used for military purposes.

Our view at this stage is that we could consider aid only on the condition that the helicopters are owned by ONGC, and have civilian registration; and, because this would be a highly visible form of aid likely to attract some media attention, they must not show Air Force markings.

We understand that contractual negotiations between Westlands and the Indians are likely to be delayed until air worthiness certificates have been granted for the W30 overall (currently grounded because of mechanical problems) and for its GEM 60 Rolls Royce engine. Delivery dates for the W30s might therefore also slip. Possible aid expenditure on this project therefore seems unlikely in 1983/84 and so would not help to avoid underspending of the India aid programme this year.

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This letter has been seen by Mr Raison but not yet by Sir Geoffrey Howe; I shall be showing him a copy in his weekend box.

I am copying this letter to John Kerr (HM Treasury), Richard Mottram (Ministry of Defence) and Callum McCarthy (Department of Trade and Industry).

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

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Reference series Pt 3



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JH 444

PS Secretary of State for Trade and Industry

CCFM

Deputy Jones

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21. December 1983

A J Coles Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

Dear John,

WAM/TJC?

A.J.C. 2/12.
f-a.

WESTLAND 30 HELICOPTERS FOR INDIA

In his letter of 16 December to you, Peter Ricketts mentioned the recent grounding of the W30s because of mechanical failure and the impact that this might have on securing the contract from the Indian Authorities. We have now heard that the Civil Aviation Authority have withdrawn the suspension of the type certificate and British Airways expect to be able to return the W30 to contract service. The Indians, who according to the ODA Appraisal Mission, appear to be unconcerned with this, have continued discussions with a full Westlands team in India. Meanwhile, officials are considering the other issues raised by this case as a matter of urgency.

2 I am copying this letter to John Kerr (HM Treasury), Richard Mottram (Ministry of Defence) and Peter Ricketts (Foreign and Commonwealth Office).

Yours sincerely,

Ruth Thompson

RUTH THOMPSON
Private Secretary