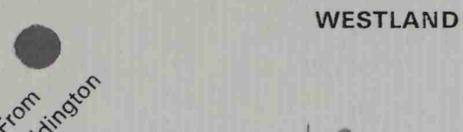
WESTLAND plc



4, CARLTON GARDENS, PALL MALL, LONDON, SW1Y 5AB.

TEL: 01-839 4061

20th March, 1984.

A. s. C. 72

Thank you for your letter of 19th March and the help which you have given us. The battle is not yet won, but we should have had no chance without your intervention.

The Rt Hon Mrs Margaret Thatcher, M.P., Prime Minister, 10 Downing Street, London S.W.1.

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India: UK/India Relaits Pt4



CC: FCO
DTI
CSO HMT

10 DOWNING STREET

THE PRIME MINISTER

19 March, 1984

Vear Joby.

Thank you for your letter of 5 March.

I quite understand your concern about the decision on this important contract and I am grateful for your offer of a levy - the details of which I know you have been discussing with the DTI.

We have looked again at the question of providing more aid, over and above the £50 million which we had already offered on the basis of the original request from the Indians. In view of the importance which we, like you, attach to securing this contract for Britain, we have agreed to provide aid of up to £65 million for the helicopters, spares and training. We have told Indian Ministers of this and await their response. We have made it clear to the Indians that we could not exceed this figure. As you will understand, the finance available for the provision of British goods and services to India is limited and there are many claims on it, all of commercial interest to British suppliers.

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The Rt. Hon. The Lord Aldington, KCMG, CBE, DSO, TD, DL.

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10 DOWNING STREET

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contract.

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A. J. C. 73.



Foreign and Commonwealth Office

London SW1A 2AH

16 March 1984

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Type eller pl.
A.J.C. 1/3.

Westland Helicopters for India

I am sorry not to have sent you before now a draft reply to Lord Aldington's letter of 5 March to the Prime Minister about Westland helicopters for India. DTI have only just completed their discussions with Lord Aldington about the possibility of increasing the levy to be paid by Westland to DTI, as the Prime Minister suggested.

I understand that Westland have explained to the DTI that the voluntary levy already proposed (3% of the value of the 21 helicopters and 8% of the value of spares agreed in the aid-funded package) would amount to some £2.75 million (the precise sum will depend on the final outcome of Westland's negotiations with the Indians). This, coupled with a 2½% price reduction already conceded to the Indians, will, as Lord Aldington's letter points out, "virtually eliminate any profit" for Westland on the contract. further inhibiting factor is that the W30 is still very early in its production run, with higher costs and overheads than will be the case later on when the production lines are well run-in. For these reasons, Lord Aldington considers that Westland is unable to increase its contribution and DTI officials consider this to be reasonable. The draft reply to Lord Aldington, which I enclose, therefore does not include this point.

The question arises whether Westland's levy should be credited to the ODA. Lord Aldington has offered this levy as a contribution to any increased offer of aid. Mr Raison therefore considers, and Sir Geffrey Howe agrees, that the levy should be treated as an appropriation-in-aid and returned to the aid programme in the financial year in which it is paid. Mr Raison will be taking this up with the Chief Secretary and DTI Ministers.

/The offer



The offer of £65 million from the aid programme for this project was conveyed to the Indian Minister concerned on 10 March but we have not yet received any substantive response.

I am copying this letter to Callum McCarthy (DTI) and John Gieve (Treasury).

You ever, Peter Zeletts

(P F Ricketts)
Private Secretary

A J Coles Esq. 10 Downing Street

DSR 11 (Revised) **TYPE:** Draft/Final 1+ DRAFT: minute/letter/teleletter/despatch/motex FROM: Reference Prime Minister DEPARTMENT: TEL. NO: Your Reference TO: SECURITY CLASSIFICATION Top Secret The Rt Hon Lord Aldington KCMG CBE DSO TD DL Secret Copies to: Westland plc Confidential 4 Carlton Gardens Restricted Pall Mall SW1Y 5AB LONDON Unclassified PRIVACY MARKING SUBJECT:In Confidence Thank you for your letter of 5 March. CAVEAT.....

Enclosures—flag(s).....

I quite understand your concern about the decision on this important contract and I am grateful for your offer of a levy - the details of which I know you have been discussing with the DTI.

We have looked again at the question of providing more aid, over and above the £50 million which we had already offered on the basis of the original request from the Indians. In view of the importance which we, like you, attach to securing this contract for Britain, we have agreed to provide aid of up to £65 million for the helicopters, spares and training. We have told Indian Ministers of this and await their response. We have made it clear to the Indians that we could not exceed this figure. As you will understand, the finance available for the provision of British goods and services to India is limited and there are many claims on it, all of commercial interest to British suppliers.

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