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FLASH

FM NEW DELHI 011115Z FEB 85

TO FLASH FCO

TELEGRAM NUMBER 156 OF 1 FEBRUARY

INFO FLASH MOD (FOR RMD3, PS/HDS, PS/PUS), DTI, ODA

MY TELNO 141

INDO-BRITISH RELATIONS: WESTLANDS W30 CONTRACT.

1. BY AGREEMENT WITH SIR J BLYTH I TOOK ADVANTAGE OF THE LUNCH GIVEN FOR HIM TODAY BY DEFENCE SECRETARY BHATNAGAR TO HAVE A PRIVATE WORD WITH THE LATTER. I REFERRED TO THE TALK WHICH BLYTH AND I HAD JUST HAD WITH HIM IN HIS OFFICE ABOUT THE WESTLANDS W30 CONTRACT AND ABOUT THE IMPORTANCE OF CONCLUDING THE DEAL WITHIN THE NEXT 10 DAYS, IN TIME TO GET THE AID PAYMENT THROUGH IN THIS FINANCIAL YEAR AND TO AVOID ANY DANGER OF PUBLIC EMBARRASSMENT ARISING IF NOTHING HAD HAPPENED BY THE TIME OF THE WESTLANDS AGM. DEVELOPING THE POINT MADE BY SIR J BLYTH IN THE LATTER CONTEXT, I REMINDED BHATNAGAR THAT WESTLANDS HAD BEEN IN EFFECT PROMISED THE CONTRACT IN WRITING BY THE INDIAN HIGH COMMISSION IN JULY, SUBJECT TO TWO CONDITIONS WHICH THEY WERE CONFIDENT THEY COULD MEET AND HAD SINCE IN FACT MET. SINCE HE SAID HE DID NOT KNOW OF THIS, I GAVE HIM COPIES OF THE IHC'S LETTERS OF 2 AND 24 JULY. ON THIS BASIS, AND TO MEET INDIA'S NEEDS, THEY HAD BEEN INCURRING EXPENDITURE IN THE INTERVENING MONTHS AND COULD FIND THEMSELVES IN A CONTROVERSIAL POSITION IF THERE WERE ANY SUGGESTION OF INDIA NOW WITHDRAWING, PARTICULARLY IF AS WAS LIKELY THE PRESS SUGGESTED THAT ANY SUCH WITHDRAWAL WAS POLITICALLY MOTIVATED. I KNEW THAT MRS THATCHER HAD BEEN PERSONALLY CONCERNED ABOUT THIS ISSUE BEFORE MY TALK WITH ALEXANDER ON 16 JANUARY. SHE AND HER COLLEAGUES HAD THEREFORE BEEN VERY GLAD TO HAVE THE REASSURANCE WHICH ALEXANDER HAD CONVEYED TO ME FROM MR GANDHI AND WHICH I HAD IMMEDIATELY REPORTED TO THEM.

2. BHATNAGAR SAID THAT HE HOPED, BUT WAS NOT SURE, THAT THE ALEXANDER MESSAGE WAS STILL VALID. GIVEN MR GANDHI'S KNOWN CONCERN OVER OUR ATTITUDE TO THE SIKH EXTREMISTS IN BRITAIN, HE AND THE FINANCE SECRETARY (WHO WAS AS KEEN AS HE WAS TO GET AHEAD QUICKLY) NEEDED TO KNOW WHETHER THE LIGHT WAS STILL GREEN IN THE POST-ALEXANDER ERA. IN THE ABSENCE OF A SUCCESSOR TO ALEXANDER HE HAD TRIED WITHOUT SUCCESS TO GET THIS MESSAGE IN SOME OTHER WAY. THE CABINET SECRETAREH HAD BEEN UNABLE TO HELP. THE RETIRING FOREIGN SECRETARY (RASGOTRA) HAD GIVEN HIM NOTHING TO GO ON. HE HAD JUST SPOKEN TO THE NEW FOREIGN SECRETARY (BHANDARI, INSTALLED THIS MORNING), WHO HAD SAID IT WOULD TAKE A FEW MORE DAYS TO CLARIFY THE PRIME MINISTER'S ATTITUDE. IN THE LIGHT OF WHAT I HAD TOLD HIM HE WOULD SPEAK URGENTLY TO THE DEFENCE MINISTER (NARASIMHA RAO) TO WARN HIM OF THE POLITICAL DELICACY, PARTICULARLY IN RELATION TO MRS THATCHER, OF FURTHER DELAY OR A NEGATIVE DECISION

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ON THE INDIAN SIDE. BUT HE URGED ME TO SEE RAO MYSELF AS WELL, AND PROMISED TO TRY AND FIX AN APPOINTMENT FOR MONDAY (4 FEBRUARY). THE MATTER WAS NOW 'ON THE ANVIL' FOR DECISION: IT WOULD BE DECIDED AT THE POLITICAL NOT THE OFFICIAL LEVEL: AND RAO WAS CLOSE TO THE PRIME MINISTER, WHOM IT WOULD CLEARLY BE IMPOSSIBLE FOR TO SPEAK TO MYSELF GIVEN HIS PREOCCUPATION WITH SELECTING CANDIDATES FOR THE STATE ELECTIONS.

3. GRATEFUL FOR INSTRUCTIONS BY 040330 Z. IF POSSIBLE I SHOULD LIKE TO TELL RAO THAT MRS THATCHER HAS PERSONALLY ASKED ME TO CONVEY TO HIM, AND THROUGH HIM TO GANDHI, HER CONFIDENCE THAT THE GOI WILL STAND BY THE ASSURANCE WHICH WAS CONVEYED TO HER BY GANDHI THROUGH ALEXANDER AND ME AND WHICH SHE HAS REGARDED AS VERY IMPORTANT NOT LEAST IN THE CONTEXT OF AVOIDING A MAJOR PUBLIC ROW BETWEEN BRITAIN AND INDIA OVER THE TREATMENT OF WESTLANDS.

4. IN THE MEANTIME WE PROPOSE TO SAY NOTHING TO THE PRESS TO SUGGEST THAT THE ALEXANDER ASSURANCES MAY BE IN QUESTION. WE ARE HOWEVER TELLING THE REPRESENTATIVES OF THE COMPANIES CONCERNED, IN STRICT CONFIDENCE, THAT THE SOURCE OF THE ASSURANCES IS NO LONGER AVAILABLE, AND IN HIS ABSENCE THERE IS TEMPORARILY SOME UNCERTAINTY OVER THEIR VALIDITY. WE SHALL ASSURE THEM THAT WE ARE DOING EVERYTHING WE CAN TO GET THEM CONFIRMED.

WADE-GERY
BT

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MAED
TRED
PS ← - ODA
PS/LADY YOUNG

PS/MR RENTON
PS/PUS
SIR W HARDING
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FM NEW DELHI 011150Z JAN 85
TO FLASH FCO
TELNO 158 OF 1 FEBRUARY
INFO FLASH MODUK (FOR RMD 3, PS/HDS, PS/PUS), ODA, DTI

MY TELNO 156: INDO-BRITISH RELATIONS AND THE WESTLANDS CONTRACT

1. BHATNAGAR LET SLIP THAT ALEXANDER'S MID-JANUARY MESSAGE TO HIM AND P K KAUL HAD BEEN ORAL AND TERSE. IT HAD SAID MERELY THAT THE EMBARGO WAS LIFTED. THIS MAKES IT QUITE CLEAR THAT THERE (UNDERLINE NEXT WORD) WAS AN EMBARGO PREVIOUSLY. SINCE ALEXANDER'S FALL (19 JAN) THE MEA HAVE PRESUMABLY BEEN TELLING BHATNAGAR AND OTHERS, WITH OR WITHOUT EVIDENCE, THAT THE PRIME MINISTER MAY NOT AFTER ALL WANT THE EMBARGO LIFTED. BHATNAGAR WENT OUT OF HIS WAY TO WARN ME AGAINST THE MALIGN INFLUENCE OF
2. I EXPECT TO SEE GHAREKHAN (THE PRIME MINISTER'S DUS LEVEL FOREIGN AFFAIRS PRIVATE SECRETARY) AT 040630Z TO HAND OVER A LETTER TO THE PRIME MINISTER FROM MYSELF CONVEYING MRS THATCHER'S OCTOBER INVITATION. I WILL TAKE THE OPPORTUNITY TO SPEAK TO HIM IN THE SAME VEIN AS TO NARASIMHA RAO. HE DOES NOT WIELD INTERDEPARTMENTAL INFLUENCE AS ALEXANDER DID: AND THOUGH HE ALWAYS SEEMS WELL DISPOSED HE IS AN MEA MAN WHO WOULD NOT WANT TO GO COUNTER TO THE MEA LINE. BUT AT LEAST HE HAS REGULAR ACCESS TO THE PRIME MINISTER, AND MAY BE ABLE TO CONVEY MY MESSAGE MORE RAPIDLY THAN RAO.

WADE-GERY
BT

LIMITE.

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SIR W HARDING
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