

Nirmala in Paris, Dassault says Reliance was its pick

New Delhi/Paris, Oct. 11: Once again attempting to clear the air on the ₹58,000 crore Rafale fighter jet deal, Dassault Aviation has said it picked India's Reliance Defence as a partner on its own, countering a French online media report which said the Indian government insisted on the firm as a condition of the contract.

Prime Minister Narendra Modi's purchase of 36 Rafale has become a political controversy and on Thursday the Congress seized on the revelations by Mediapart, French investigative journal, as further evidence of wrongdoing.

The statement issued by Dassault on Thursday is its second within weeks of a clarification on its decision to tie-up with Reliance. It coincides with defence minister Nirmala Sitharaman's France visit to assess the progress on supply of 36 Rafale jets.

"Dassault Aviation has freely chosen to make a partnership with India's Reliance Group," the company said, adding that it had committed to investing 50 per cent of the contract value to benefit the local economy and for that purpose had entered into a joint venture with the private Indian firm.

The joint venture, Dassault Reliance Aerospace Ltd (DRAL), was created in February last year and the foundation stone for the plant



Defence minister Nirmala Sitharaman arrives for the first India-France ministerial level annual Defence Dialogue in Paris on Thursday. — PTI

FIGHT OVER FIGHTER JETS

■ **SEPT. 21** Ex-French President Francois Hollande sparked a controversy in September by claiming that New Delhi had put pressure on Dassault to choose Reliance as the offset partner in the ₹58,000 crore Rafale deal

■ **SEPT. 26** French President Emmanuel Macron said, "It was a govt to govt discussion... we have very clear rules and the country's govt is in no manner involved in the choice of partners by French companies"

■ **OCT. 11** Dassault's clarification on Thursday is its second within weeks to clear the air on its decision to tie up with Reliance. It coincides with defence minister Nirmala Sitharaman's France visit to assess the progress on supply of 36 Rafale jets.

was laid in October 2017 in Maharashtra.

In its report, Mediapart said that it had obtained a Dassault company document in which a senior executive is quoted as saying that the group agreed to work with Reliance as an "imperative and oblig-

atory" condition for securing the fighter contract. Dassault Aviation's deputy chief executive officer Loïk Segalen said this clearly on May 11, 2017, during a presentation of the joint venture "Dassault Reliance

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Aerospace" to staff representatives, it said.

The Rafale deal has faced scrutiny both on the price and the decision to choose billionaire Anil Ambani's Reliance as a local partner with no aeronautical expertise instead of the state-run Hindustan Aeronautics which has a long history of making planes.

Under India's defence procurement rules, any company selling equipment must invest at least 30 percent of the contract in India as part of an "offset" clause to help build a domestic manufacturing base and reduce the country's dependence on imports.

Mediapart's report appeared to corroborate former French President Francois Hollande's comments on September 21 that New Delhi had put pressure on Dassault to choose Reliance as the offset. The deal was sealed when Mr Hollande was in office.

Soon after Mr Hollande's controversial remarks, the French government had clarified that they were not involved in the choice of Indian industrial partners. The French government said that their role was just to ensure the delivery and quality of the aircraft.

"The French government is in no manner involved in the choice of Indian industrial partners who have been, are being, or will be selected by French companies," a statement by the French government had said, echoing Dassault's stand on the issue.

Dassault's latest clarification said that its plan is to produce parts for Dassault's Falcon 2000 business jets and, in a second step, components for the Rafale combat aircraft that the Indian military is buying to upgrade. The company said that it had trained an initial team of managers and workers and the first Falcon components will be delivered by the end of the year.

India picked the Rafale plane to replace its ageing fleet of Russian aircraft from a field that included Lockheed Martin F-16 and Saab's Gripen.

— Agencies