

RESTRICTED

MEETING WITH DR CHANANA, INDIAN MINISTER OF
STATE FOR INDUSTRY

4 February 1981

BRIEF FOR THE PRIME MINISTER



Dr Chanana is visiting the UK primarily in search of a foreign car manufacturer to collaborate in establishing a public sector car factory in India. Both the project and his visit have Mrs Gandhi's blessing. He will be seeing British Leyland, Ford, Lucas and Ingersoll Engineers. All have interests in India already.

Line to take

2. In general, stress the importance we attach to trade with India. Lord Limerick's and Mr Biffen's recent visits, and your forthcoming one. On the one side, the opportunities Indian industrial development, particularly in the steel, energy and transportation sectors offer British exporters. On the other, the open market we provide for virtually all Indian products.

3. In particular, the capabilities of the UK automotive industry. HMG's recently announced support for British Leyland and the success of the Metro.

Defensive

4. Dr Chanana may raise some current Indian trading grievances.

(i) 'Folkloric' Textiles

These enjoy privileged access. HM Customs have detained some consignments. Customs acted in good faith. Steps have been taken to clarify the position. We have no wish to exclude genuine folkloric items.

(ii) Inflammable Dresses

Our sole purpose in referring publicly to the inflammability of certain Asian dresses was concern for public safety.

(iii) Ban on animal feed containing Aflatoxin

The aflatoxin content of feed based on ground-nuts and cottonseed is suspected of being a risk to child health (via the milk of cows given such feed). The ban is a temporary and precautionary measure imposed purely for health reasons.

5. Some background notes and a note on Dr Chanana are attached.

Academy

Department of Trade
CRE4/2

2 February 1981



Background

Bilateral Trade

	£m		
	<u>1978</u>	<u>1979</u>	<u>1980</u>
UK exports fob	349	456	529
UK imports cif	322	366	316
Balance	+ 27	+ 90	+ 213

Investment

2. UK largest foreign investor in India (40% of total).

Aid

3. UK largest bilateral aid donor in 1980/81 (£120m). Reduction to £87-97m planned for 1981/82 but our multilateral aid contributions are increasing.

Major opportunities in India

4. Coastal steel plant, power generation, mining, fertiliser plants, railways, machine tools, communications, automative industry. Visits by the Prince of Wales, Lord Limerick's mission, Mr Biffen (for IBEC*) and the Prime Minister (in April) show keenness of UK's interest in Indian development plans.

EC/India

5. India has a 5 year commercial cooperation agreement with the EC. Negotiations for its renewal are in train.

Indian Team

6. Dr Chanana is accompanied on his visit by Mr K S Rajan - Secretary of Industrial Development and Mr M C Gupta - Joint Secretary of Mining Industry.

*Indo-British Economic Committee



CHARANJIT CHANANA

Minister of State for Industry since March 1980.

Mr Chanana is a Hindu born in 1932 in what is now Pakistan. He is an academic (MA Delhi School of Economics) and has published several papers on Indian agriculture and economic development. He was elected to the Rajya Sabha for a six year term in 1976 as Congress (I) MP for Delhi. During the 1975-77 Emergency he worked closely with the late Sanjay Gandhi on the "Habitat" (rehousing) campaign. As Minister of State for Industry he reports direct to Mrs Gandhi.

Mr Chanana has travelled widely abroad, sometimes as a visiting professor. He is married with two children.