

subject  
cc Master  
Ops

ne JS



10 DOWNING STREET

c fco  
Trade  
Ind.  
Energy.

THE PRIME MINISTER

23 February 1981

**PRIME MINISTER'S**

**PERSONAL MESSAGE**

**SERIAL No. T 31A/81**

Thank you for your letter of 27 January. I had been about to write to you again but I am glad that you decided to reply without awaiting a further letter.

Let me repeat how delighted I am at the prospect of visiting India in April. I am looking forward to a really thorough exchange of views about all the issues and problems which are on your mind and mine. I fully agree with your underlying thought that we must keep the friendship between our two countries in constant repair. There is so much potential, both for strengthening our bilateral ties and for bringing to bear on world issues our respective influences as leading members of the Commonwealth. I think we have made good progress in recent months and I was delighted to hear of the splendid reception given to the Prince of Wales. I am so glad that you thought his tour a success.

We shall have an opportunity during my visit to discuss the international economic issues you mention. I share your disappointment that during the last year the international community has not been able to reach a greater measure of agreement on how to tackle the economic difficulties which it faces. I know that these bear particularly heavily on many developing countries. The problems of the industrialised and developing worlds are linked. If we can move together towards solutions, the prospects for international recovery will be

/ strengthened.

B

strengthened. Like you, I hope that the Summit which Chancellor Kreisky and President Lopez Portillo are organising will provide an opportunity for constructive discussion. We know from our experience of Commonwealth gatherings the value of personal contacts in informal meetings.

But I believe that the greatest help which countries such as the United Kingdom can extend to developing countries is to enlarge the markets which we offer to them. To do this we need to achieve a higher rate of growth. Inflation is the major constraint on the revival of the British economy. The struggle against inflation must therefore be the first priority for the British Government. We shall, of course, continue to resist pressures for protectionist measures. But some of these pressures are very great. And some, exceptionally, raise social and economic considerations which cannot be ignored. Nonetheless, it is my firm intention to keep our markets as open as possible to the products of the developing world.

I note the emphasis you place upon the transfer of technology. This often goes hand in hand with private investment. I am confident that the exchange of ideas at the Indo British Economic Committee will lead to a growing flow of investment from this country to India as well as a growth in trade in both directions. I hope that trade enterprises in our two countries will make fuller use of the expanding opportunities for mutual co-operation in India and the United Kingdom, as well as in third countries. This seems to me the best way of achieving an exchange of trade satisfactory to both sides. John Biffen indicated at the recent IBEC discussions how we can assist with this.

The solution of international economic problems is impeded by the persistence of tension and conflict in various parts of the world. The complex and dangerous situation which has arisen as a result of the Soviet invasion of Afghanistan and the continuing war between Iran and Iraq is a source of anxiety to

/ us all.

us all. I know that you have been considering these issues at the Non-Aligned Meeting in New Delhi and I have been following developments there with attention. I look forward to hearing your views on what part the NAM can play in the resolution of these disputes. Perhaps there are now some rays of hope. At least the long overdue and very welcome release of the American hostages has reduced one source of tension.

I hope we can have a full discussion of the Afghanistan problem when we meet. I know that there are some differences of approach on this. For our part we here hope that the appointment of a UN Representative will help progress towards a solution. We remain concerned about the long-term implications of Soviet military intervention in an independent and non-aligned country. We believe that the achievement of complete Soviet military withdrawal must remain in the forefront of any discussions aimed at producing a solution. It seems to us essential that the international community as a whole should continue to assert the unacceptability of the Soviet intervention.

Your account of the Commonwealth Regional Meeting was most interesting. The special contribution that the Commonwealth can make has been well demonstrated by the events leading up to the independence of Zimbabwe and by the mounting of a Commonwealth observer team for the recent Uganda elections. We shall have an opportunity to consider other possible areas of co-operation at the Heads of Government Meeting in Australia.

Thank you, finally, for the account in your letter of 29 October of internal developments in India. This was of particular value since I want there to be the fullest possible understanding in this country of India's achievements and problems. I look forward to increasing my own knowledge of them during my visit, about the details of which our people are now in touch. We here intend to make every effort to ensure that the visit is an occasion for substantial progress in our relations and for

/ a real

a real meeting of minds on as many as possible of the issues referred to in our correspondence.

(SGD) MARGARET THATCHER

Her Excellency Shrimati Indira Gandhi

India



Foreign and Commonwealth Office

London SW1A 2AH

Type for PM's  
Signature, as  
amended.

Submit with both  
Mrs G's letters.

Paul

13 February 1981

Dear Michael,

Message from Mrs Gandhi

Thank you for your letter of 4 February.

As agreed we have waited until the end of the Non-Aligned Meeting in New Delhi before submitting a reply. The attached draft, which Lord Carrington has approved, deals with points raised by Mrs Gandhi in her letter of 29 October as well as her letter of 27 January.

FILE  
(PART 1)

I am sending copies of this letter and its enclosure to Stuart Hampson (Dept of Trade), Ian Ellison (Dept of Industry) and Julian West (Dept of Energy).

Yours ever  
Roderic Lyne

(R M J Lyne)  
Private Secretary

M O'D B Alexander Esq  
10 Downing Street  
LONDON

CONFIDENTIAL

DRAFT MESSAGE TO  
HER EXCELLENCY SHRIMATI INDIRA GANDHI

Thank you for your letter of 27 January. I had been about to write to you again but I am glad that you decided to reply without awaiting a further letter.

Let me <sup>repeal</sup> ~~say first~~ how delighted I am at the prospect of visiting India <sup>in</sup> ~~from 15-19~~ April. ~~I am most grateful for your invitation. I realise that it will be hot. I am looking forward to seeing you again and to having the opportunity for a really good exchange of views about all the issues and problems which are on your mind and mine.~~

I fully agree with your underlying thought that we must keep <sup>the</sup> ~~our~~ friendship <sup>between our two countries</sup> in constant repair. There is so much potential, both for strengthening our bilateral ties and for bringing to bear on world issues our respective influences as leading members of the Commonwealth. I think we have made good progress in recent months <sup>and</sup>

was delighted to hear of the splendid reception given to the Prince of Wales, <sup>I am</sup> ~~and~~ so glad that you thought his tour a success.

N.P. We shall have an opportunity during my visit to discuss the international economic issues to which you refer. I share your disappointment that during last year the international community <sup>has not</sup> ~~was~~ <sup>been</sup> ~~not~~ able to reach a greater measure of agreement on how to tackle the economic difficulties which it faces. I am conscious of the

CONFIDENTIAL

/special

CONFIDENTIAL

special problems created for many developing countries. The industrialised economies have to overcome economically and socially damaging levels of inflation and unemployment, and persistent low growth. It is clear that the problems of the industrialised and developing worlds are linked ~~and~~ unless we can move together towards mutually acceptable solutions the prospects for international recovery remain weak. It is no longer practical ~~to~~ for any country, or group of countries, to seek to pursue economic objectives without regard to the prospects and problems of other members of the international community. Like you, I hope that the Summit which Chancellor Kreisky and President Lopez Portillo are organising will provide an opportunity for a constructive <sup>discussion</sup> ~~dialogue~~. We know from our experience of Commonwealth gatherings the value that can be derived <sup>or</sup> from personal contacts in ~~informal~~ informal meetings. The Mexico summit could serve a useful purpose if it permits a real exchange <sup>leading</sup> ~~which leads~~ to a clearer understanding of each others problems.

I believe that the greatest <sup>help</sup> ~~contribution~~ which countries such as the United Kingdom can <sup>extend</sup> ~~make~~ to ~~help~~ developing countries is to enlarge the markets which we offer to them. To do this we need to achieve a higher rate of growth. Inflation is the major constraint on the revival of the British economy <sup>and</sup> ~~the~~ struggle against ~~inflation~~ inflation is <sup>therefore</sup> ~~the~~ first priority for <sup>the British</sup> ~~the~~ Government. Whilst <sup>e</sup> ~~we~~ carry on this struggle in preparation for renewed growth, ~~I recognise that~~ we, in common with other members of the international community, <sup>must, of course,</sup> ~~must~~ continue to resist pressures for protectionist measures. <sup>But</sup> ~~Some~~

of these a

CONFIDENTIAL

/of these

CONFIDENTIAL

<sup>number</sup> of these <sup>great. And</sup> are very ~~clamorous~~. <sup>L</sup> Some, exceptionally, raise social and economic considerations which cannot be ignored. <sup>Non-aligned</sup> ~~But~~ it is my intention to keep our markets as open as possible to the products of the developing world.

I note the emphasis you place upon the transfer of technology. This often goes hand in hand with private investment. I hope that the exchange of ideas at the Indo British Economic Committee will lead to a growing flow of investment from this country to India as well as a growth in trade in both directions. Getting trade enterprises in both our countries to make fuller use of the <sup>expanding</sup> ~~growing~~ opportunities for mutual co-operation in India and United Kingdom, as well as in third countries, seems to me ~~to offer~~ the best <sup>way</sup> ~~prospect~~ of achieving an exchange of trade satisfactory to both sides. John Biffen indicated at the recent IBEC discussions how we can assist with this. <sup>NP</sup> The solution of world economic problems is <sup>impeded</sup> ~~not helped~~ by the persistence of tension and conflict in various parts of the world. The complex and dangerous situation which has arisen as a result of the Soviet invasion of Afghanistan and the continuing war between Iran and Iraq <sup>is</sup> ~~are~~ a <sup>source of</sup> ~~great~~ anxiety to us all. I know that you have been considering these issues at the Non-Aligned Meeting in New Delhi and I have been following developments there with <sup>attention.</sup> ~~interest.~~ I <sup>look forward to hearing</sup> ~~shall be interested to hear~~ your views on what part the NAM can play in the resolution of these disputes. Perhaps there are now some rays of hope. <sup>At least</sup> ~~L~~ The long overdue and very welcome release of the American hostages should <sup>have reduced</sup> ~~defuse~~ <sup>L</sup> one source of tension.

CONFIDENTIAL

<sup>NP / (hope)</sup>  
~~entirely~~



I hope we can have a full discussion of the Afghanistan problem when we meet. I know that we have some differences of approach here. For our part we hope that the appointment of a UN Representative <sup>will</sup> ~~should~~ help progress towards a solution. We remain ~~most~~ concerned about the long-term implications of Soviet military intervention in an independent and non-aligned country and believe that <sup>the achievement of</sup> complete Soviet military withdrawal must remain ~~in the forefront~~ of any discussions aimed at producing a solution. ~~We believe~~ <sup>it seems to us</sup> essential that the international community as a whole should continue to assert the unacceptability of the Soviet intervention.

Your account of the Commonwealth Regional meeting was most interesting. The special ability of the Commonwealth to contribute constructively to the problems of the world was well demonstrated by the events leading to the independence of Zimbabwe and by the mounting of a Commonwealth observer team for the recent Uganda elections. We shall have an opportunity to consider other possible areas of co-operation at the Heads of Government Meeting in Australia.

*Thank you, finally, for the account*  
~~You were good enough~~ in your letter of 29 October ~~to~~ <sup>of</sup> ~~write at length about~~ internal developments in India. <sup>particular value since</sup> ~~This was of~~ I thank you for that. ~~It is very valuable for us to have this account.~~ I want there to be the fullest possible understanding in this country of India's achievements and problems. ~~That is a process to which both Indian and~~

/the United

CONFIDENTIAL

~~the United Kingdom can contribute, thereby removing problems of misunderstanding. It would be wrong for me to comment on the specific domestic issues to which you refer. But I look forward to increasing my own <sup>knowledge</sup> understanding of them in April. <sup>during my visit, about</sup> I know that your vast and diverse country faces tremendous problems.~~

Our people are now in touch, <sup>which</sup> ~~about~~ the details of my programme. <sup>we intend to make every effort to ensure that</sup> We shall ~~do everything possible on our side to make the visit~~ <sup>to</sup> an occasion for substantial progress in our relations and for the <sup>a</sup> ~~creation of a deeper mutual understanding about some of the~~ <sup>deal meeting of minds on as many as possible of</sup> ~~problems~~ <sup>issues</sup> referred to in our recent correspondence. ~~I look forward~~ to it ~~enormously.~~

CONFIDENTIAL



13 FEB 1981



File

ds

*Gultra*

18 March 1981

(No 'T' message followed  
— correspondence concluded)

I am replying on the Prime Minister's behalf to your letter to her of 16 March. The message which you forwarded from Mrs. Gandhi has been placed before the Prime Minister.

MICHAEL ALEXANDER

*P*

His Excellency Dr. V.A. Seyid Muhammad

010  
No. LON/POL/123/2/81



INDIA HOUSE,

ALDWYCH,

LONDON, W.C.2.

DR. V.A. SEYID MUHAMMAD

16th March, 1981

Dear Prime Minister,

I have the honour to convey the following message of thanks from my Prime Minister Smt. Indira Gandhi in reply to your message of greetings on India's Republic Day:

Begins:

"On behalf of the People and Government of India, and on my own behalf, I thank you for the good wishes extended to me and the people of India on the occasion of our Republic Day.

We look forward to your visit. We are confident that our discussions will further strengthen the friendly ties existing between our two countries

INDIRA GANDHI "

ENDS

With assurances of my highest consideration.

(V. A. SEYID MUHAMMAD )

The Rt. Hon. Margaret Thatcher, M.P.,  
Prime Minister,  
10 Downing Street,  
LONDON SW I.



re 5  
ndra

10 DOWNING STREET

*From the Private Secretary*

23 February 1981

Message from Mrs Gandhi

Further to your letter to me of 13 February, I enclose the signed text of the Prime Minister's message to Mrs Gandhi. As you will see, it is a somewhat amended version of the draft enclosed with your letter under reference.

I am sending copies of this letter and its enclosure to Stuart Hampson (Department of Trade), Ian Ellison (Department of Industry) and Julian West (Department of Energy).

M. O'D. B. ALEXANDER

R.M.J. Lyne, Esq.,  
Foreign and Commonwealth Office.

RH