

IMMEDIATE

DWF G109/16

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LUK 967/16

OO FCO DESKBY 161400Z

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DESKBY 161400Z

FM DELHI 161155Z MAR 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 297 OF 16 MARCH.

DESKBY

No 10 DS
for
MR COLES

IMMEDIATE

MRS GANDHI'S VISIT

1. SINCE I SHALL MISS TOMORROW'S BRIEFING BECAUSE OF TOP LEVEL MEETINGS HERE, YOU MAY LIKE TO HAVE MY RECOMMENDATIONS. IN THIS TELEGRAM I DEAL WITH THE MAIN POLITICAL ISSUES: COMMERCIAL AND DEFENCE SALES QUESTIONS ARE IN MY TWO IFTS.
2. IT WILL BE IMPORTANT TO BEAR IN MIND THE OVERALL INDIAN APPROACH TO THE VISIT. AS ALEXANDER HAS MADE CLEAR TO ME (MY TELNO 217), MRS GANDHI DOES NOT SEE ANY MAJOR BILATERAL PROBLEMS BETWEEN US AND PROPOSES TO TREAT THE VISIT AS PRIMARILY A CULTURAL OCCASION, CELEBRATING OUR GOOD RELATIONS. WITH THE EXCEPTION OF THE ISSUES IN PARAS 4 AND 5 BELOW, THERE ARE NO INTERNATIONAL POLITICAL QUESTIONS WHICH MRS GANDHI PROPOSES TO RAISE HERSELF. SATHE CONFIRMED YESTERDAY THAT THE MEA HAD NOT BEEN ASKED TO PROVIDE ANYTHING OTHER THAN ROUTINE BACKGROUND BRIEFING. NEVERTHELESS THE VISIT IS AN IMPORTANT PART OF MRS GANDHI'S CURRENT STRATEGY OF IMPROVING RELATIONS WITH WESTERN EUROPE GIVEN THAT SHE IS NOT FEELING ALTOGETHER COMFORTABLE WITH EITHER SUPER POWER.
3. THIS INDIAN APPROACH MAKES IT PARTICULARLY IMPORTANT TO AVOID ANY IRRITANT WHICH COULD SPOIL THE ATMOSPHERE OF CELEBRATION. THE POSSIBILITY OF A FURTHER MEDICAL EXAMINATION OF MRS KAKAR, AND THE ISSUE OF WORK PERMITS FOR VISITING FESTIVAL ARTISTS (ON WHICH SEE MY TELNOS 282, 292 AND 293 RESPECTIVELY), ARE PRECISELY THE SORT OF STORIES WHICH CAN BE BLOWN UP OUT OF PROPORTION ON THE EVE OF OR DURING THE VISIT AND THUS SOUR THE WHOLE ATMOSPHERE.

4. PARA 3 OF MY TELNO 233 SETS OUT THE TWO POINTS ON WHICH MRS GANDHI PROPOSES TO CONCENTRATE WITH THE PRIME MINISTER. THE DISCUSSION OF NORTH-SOUTH ISSUES PRESENTS AN OPPORTUNITY TO ESTABLISH OUR GOOD CREDENTIALS ON GLOBAL NEGOTIATIONS, THE ENERGY AFFILIATE OF THE WORLD BANK AND IDA. THOUGH THE INDIANS CANNOT FORMALLY DISTANCE THEMSELVES FROM G77 VIEWS ON THE PRIMACY OF THE GLOBAL NEGOTIATIONS, THEY ARE REALLY MORE INTERESTED IN FOOD, ENERGY AND FINANCIAL FLOWS. THEY ARE MAJOR BENEFICIARIES OF THE SPECIALISED AGENCIES AND HAVE A VESTED INTEREST IN THEM. IN THE NORTH-SOUTH CONTEXT, THE PRIME MINISTER MAY WISH TO UNDERLINE THE ROLE OF THE COMMONWEALTH AND LOOK FORWARD TO THE NEXT CHOGM IN DELHI IN 1983.
5. AS FAR AS INDO-PAKISTAN RELATIONS ARE CONCERNED, THE LATEST CONTRETEMPS IN GENEVA HAS REAWAKENED INDIAN SUSPICIONS. THEY INTENSELY DISLIKE PAKISTAN'S APPARENT DRIVE TO ACQUIRE A NUCLEAR EXPLOSIVE CAPABILITY AND ARE NOT LIKELY TO BE COMFORTED BY BEING TOLD THAT US ARMS SALES TO PAKISTAN MAY MEAN THAT PAKISTAN WILL FOR THE TIME BEING REFRAIN FROM AN EXPLOSION. MRS GANDHI WOULD IN PRINCIPLE LIKE BETTER RELATIONS WITH PAKISTAN (AS WELL AS CHINA) BUT SHE DOES NOT SEE THE WAY AHEAD CLEARLY. PART OF THE REASON IS DOUBT ABOUT THE FUTURE OF US-PAKISTAN RELATIONS WHICH SHE SEES AS AFFECTING THE WHOLE SURROUNDING REGION.
6. THE INDIANS JUDGE THAT THE SITUATION IN AFGHANISTAN HAS GOT BOGGED DOWN IN A STAND-OFF BETWEEN SOVIET TROOPS AND THE MUJAHUDDIN, WITH NO EARLY PROSPECT OF A SOVIET WITHDRAWAL. OF POTENTIALLY GREATER CONCERN TO THEM IS THE SITUATION IN IRAN. MRS GANDHI WOULD FIND PARTICULAR VALUE IN OUR ASSESSMENT OF THE SITUATION IN THE GULF, IRAN AND AFGHANISTAN. THIS COULD HELP REINFORCE INDIAN PERCEPTIONS OF US AS INFLUENTIAL AND INTERESTED, BUT NONETHELESS OBJECTIVE, WESTERN INTERLOCUTORS ON THESE ISSUES.
7. PLEASE PASS TO COLES, NO 10 DOWNING ST.

THOMSON

NNNN

XDWF G 077/16

LUK 961/16

OO FCO (DESKBY 161300Z)

GRS 170

CONFIDENTIAL

DESKBY 161300Z

FM DELHI 161055Z MAR 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 296 OF 16 MARCH

FOLLOWING FOR BURTON, SAD

YOUR TELNO 276.

1. AS YOU WILL HAVE SEEN FROM A SEPARATE TELEGRAM TO HEADS OF MISSION SECTION, I NOW EXPECT TO ARRIVE IN LONDON ON THURSDAY 18 MARCH, HAVING SEEN AT LEAST THE FINANCE MINISTER ON WEDNESDAY. I LEAVE THE DETAILS OF MY PROGRAMME TO YOU AND HEADS OF MISSION SECTION. IT IS IMPORTANT THAT I SHOULD SEE HDS AND MR BENJAMIN (IS THERE ANY CHANCE THAT THE LATTER MEETING COULD BE ARRANGED IN THE FCO?) IF THESE MEETINGS ARE MAINTAINED AT THE TIMINGS GIVEN IN YOUR TELNO 266 I COULD SEE THE BRITISH PRESS AT, SAY, 1700. IF THIS IS TOO LATE PERHAPS A SWOP COULD BE ARRANGED WITH THE 1500 MEETING WITH HDS.

2. DEPENDING UPON WHAT TRANSPIRES AT MEETINGS HERE IN THE NEXT 48 HOURS IT COULD WELL BE DESIRABLE FOR ME TO SEE COLES AT NO 10 OR EVEN THE PRIME MINISTER HERSELF. COULD YOU PLEASE SOUND OUT POSSIBILITIES?

3. PLEASE PASS COPY TO COLES, NO 10.

THOMSON

ADVANCE COPY

IMMEDIATE

Ps/no. 10, Downing St.

[pens TUR]

CONFIDENTIAL

GRS 450
CONFIDENTIAL
FM DELHI 161104Z MAR 82
TO IMMEDIATE FCO
TELEGRAM NUMBER 298 OF 16 MARCH
AND TO IMMEDIATE DOT (FOR BENJAMIN)

MRS GANDHI'S VISIT: COMMERCIAL OPPORTUNITIES

1. YOU MIGHT FIND IT USEFUL, BEFORE THE PRIME MINISTER'S BRIEFING MEETING ON 17 MARCH, TO HAVE MY VIEWS ON THOSE PROJECTS WHICH THE PRIME MINISTER MIGHT RAISE WITH MRS GANDHI. I LIST THEM IN ORDER OF PRIORITY, AS SEEN FROM HERE.

SUPER THERMAL POWER PROJECT

2. WE MUST HOPE THAT THE MINISTERS OF FINANCE AND ENERGY WILL HAVE AGREED IN PRINCIPLE, BEFORE MRS GANDHI LEAVES, TO OPEN NEGOTIATIONS ON THIS PROJECT. THOUGH THE CHANCES ARE NOT HIGH I AM TRYING TO BRING THIS ABOUT. UPON THE SUCCESS OF THIS EFFORT WILL DEPEND THE MANNER IN WHICH THE PRIME MINISTER MIGHT RAISE IT.

NHAVA SHEVA PORT DEVELOPMENT

3. THE SECRETARY IN THE MINISTRY OF SHIPPING AND TRANSPORT HAS RECOMMENDED THAT AN OFFER BE MADE TO MRS GANDHI. I HOPE THAT DISCUSSIONS WITH THE CONSORTIUM LED BY KLEINWORT BENSON, PAULING AND SIR WILLIAM HALCROW WILL HAVE ADVANCED SUFFICIENTLY TO ENABLE THE PRIME MINISTER TO MAKE SUCH AN OFFER ON A GOVERNMENT TO GOVERNMENT BASIS. IT WILL NOT BE NECESSARY TO GO INTO DETAIL.

TELECOMMUNICATIONS

4. I WELCOME THE PROPOSAL BY THE DEPARTMENT OF TRADE TO PUT FORWARD A TELECOMMUNICATIONS PACKAGE, INCLUDING SYSTEM X, THE PLESSEY RURAL EXCHANGES AND OTHER ELEMENTS. (MY TEL INDUS 016 OF 13 MARCH). IT IS CRUCIAL TO OUR PRESENT STRATEGY THAT THERE SHOULD BE NO DOUBTS ABOUT GEC'S SERIOUSNESS OF INTENT. IF WE WERE CONVINCED OF THIS I WOULD PROMOTE TELECOMMUNICATIONS ABOVE NHAVA SHEVA.

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5. IT WOULD BE WORTH MENTIONING THE BL BID FOR THE MARUTI PROJECT, BUT I DO NOT THINK THAT POLITICAL CONSIDERATIONS WILL BE IN THE FOREFRONT OF A DECISION ON THIS. THEREFORE THE PROSPECTS OF ADVANCING A FAVOURABLE CHOICE DURING MRS GANDHI'S VISIT ARE SMALLER THAN ON THE OTHER THREE PROJECTS.

ORISSA STEEL PLANT

6. I DO NOT RECOMMEND THAT THE PRIME MINISTER BRING UP THE ORISSA STEEL PLANT, EXCEPT IN A PASSING REFERENCE TO OUR SATISFACTION AT HAVING WON THE ORDER AND HER CONFIDENCE THAT DAVY MCKEE WILL DO A GOOD JOB. THE PRIME MINISTER SHOULD KNOW THAT IMMEDIATELY AFTER MRS GANDHI'S VISIT DAVY'S INTEND TO TELL THE INDIANS OF A LARGE INCREASE IN THE COST OF THE PROJECT, PROBABLY OF THE ORDER OF 30%. THE EFFECT WILL TO SOME EXTENT BE MITIGATED BY THE DOLLAR EXCHANGE RATE IN USE. THE INDIANS PROBABLY EXPECT SOME INCREASE TO ALLOW FOR INFLATION, CHANGED SPECIFICATIONS, ETC. HOWEVER, THE INCREASE DAVY'S ARE PREPARING IS LIKELY TO BE MORE THAN TWICE WHAT THE INDIANS EXPECT. THERE COULD BE A SEVERE REACTION INVOLVING THE TOP POLITICAL LEVELS.

PLEASE PASS A COPY OF THIS TO COLES, NO 10.

THOMSON

[ADVANCED AS REQUESTED]
[COPIES SENT TO NO 10 DOWNING STREET]

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SAD	PS	DOT
CRD	PS/LPS	
PCD	PS/MR HURD	
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TRED	MR GIFFARD	
ES & SD	MR DONALD	
MAED	LORD N GORDON LENNOX	
INFO D	MR ADAMS	

CONFIDENTIAL SELECTIONS
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OO DELHI

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FM FCO 151830Z MARCH 82

IMMEDIATE NEW DELHI

TELEGRAM NUMBER 276 OF 15 MARCH.

YOUR TELNO 285

FOLLOWING FOR HIGH COMMISSIONER FROM BURTON

1. NEWS DEPARTMENT THINK IT WOULD BE VERY SUITABLE IF YOU COULD TAKE ON THE BACKGROUND BRIEFING OF THE BRITISH PRESS WITH FCO SUPPORT. IT WOULD ALSO BE A GOOD OCCASION FOR YOU TO DEBRIEF YOURSELF ON YOUR MISSION IN INDIA. THEY ARE TENTATIVELY PLANNING THIS FOR THE AFTERNOON OF FRIDAY 19 MARCH. I SHOULD BE GRATEFUL FOR AN IMMEDIATE REACTION WHETHER YOU WISH TO TAKE THIS ON BEARING IN MIND THAT IT WOULD INVOLVE RESCHEDULING OTHER APPOINTMENTS ALREADY MADE FOR THAT AFTERNOON. THE PRECISE TIME COULD BE FIXED TO SUIT YOUR CONVENIENCE.

CARRINGTON

NNNN

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file KH India

10 DOWNING STREET

From the Private Secretary

MR. WRIGHT
CABINET OFFICE

PRIME MINISTER'S BRIEFING
MEETING FOR THE VISIT OF
THE INDIAN PRIME MINISTER.

Thank you for your minute of
9 March. I agree to the arrangements
which you propose.

A. J. COLES

S

11 March 1982

Prime Minister

Agree?

A-7 C-10/3

Ref. A07738

MR COLES

Yes *ms*

Prime Minister's Briefing Meeting for the Visit of the Indian Prime Minister:
21-25 March 1982

I should be grateful for your agreement to the following Ministers being invited to attend the Prime Minister's briefing meeting for Mrs Gandhi's visit, which is to take place at 4.00 pm on Wednesday 17 March:

Secretary of State for Foreign and Commonwealth Affairs

Minister of State, Home Office

Mr Timothy Raison MP

Minister of State, Foreign and

The Rt Hon Neil Marten MP

Commonwealth Office, and

Minister for Overseas

Development

and also the following officials:

Sir Michael Palliser

FCO

Sir Frank Cooper

MOD

Mr Blyth

MOD (Head of Defence Sales)

Mr Caines

Department of Trade

Sir Donald Maitland

Department of Energy

Sir Peter Preston

Overseas Development Administration

The British High Commissioner in New Delhi, Sir John Thomson, may also be in London by 17 March. If so, his presence at the briefing meeting would also be desirable.

[Handwritten Signature]
D J WRIGHT

9 March 1982