NT

Confidential filing

Visit of the Indian Minister of External Affairs, Mr Narasimha Rao

S 808

INDIA

August 1983

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
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~~2.11.83~~							
7.11.83							
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With Compliments from

The Minister of External Affairs

New Delhi

India

10 DOWNING STREET

From the Private Secretary

7 November, 1983.

The Prime Minister has asked me to thank you for the most beautiful book "Eternal India" which you so kindly sent to 10 Downing Street.

Mrs. Thatcher will much enjoy reading this lovely book.

Timothy Flesher

Mr. Narasimha Rao

SUBJECT

CONFIDENTIAL

RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND THE INDIAN MINISTER FOR EXTERNAL AFFAIRS AT 1650 ON WEDNESDAY 2 NOVEMBER 1983 AT 10 DOWNING STREET

Present:

Prime Minister	Mr. Narasimha Rao
Mr. Giffard	Dr. Seyid Muhammad
Mr. Coles	Shri Pushkar Johari

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The Prime Minister said that she had much enjoyed seeing Mrs. Gandhi in New York. She had appeared to be very well on that occasion. It was good to have Mr. Rao here now. How did he see the prospects for CHOGM?

Mr. Rao said that Grenada would be one of the most important issues. It need not necessarily take much time but it would be a significant item for discussion.

The Prime Minister said that at present the Commonwealth was split on the issue. We had been put in a difficult situation. We had first heard that the OECS was seeking intervention. Then the CARICOM had appeared to take a different view. The United States made precautionary naval movements but so did we with HMS Antrim. Our impression at that stage was that intervention was not being contemplated. At 7.15 p.m. on Monday 24 October she had received a message from President Reagan saying that he was thinking of intervening militarily and seeking her views. The drafting of a reply had been set in hand and it had been agreed to meet to consider the reply at 11.00 p.m. But before then we had received a further message from President Reagan saying that he proposed to intervene. We had then urgently despatched our views and she had telephoned the President personally. In essence we had been taken by surprise. We now gathered that United States consideration of intervention had changed decisively on Sunday 23 October.

Mr. Rao asked whether the Americans had taken their decision before consulting the Prime Minister. The Prime Minister confirmed

that in effect they had. On 23 October, when a British representative had visited the Governor General of Grenada, the latter had given no hint that he was thinking of requesting military intervention. It now seemed that a preliminary decision in favour of intervention had been taken by the United States Government on the evening of 23 October. Whatever one thought of the American decision, and we had made our views public, the handling of the matter was very worrying. The lack of adequate consultation had given rise to very considerable concern. But we had to keep our relations with our major ally.

The Prime Minister asked Mr. Rao to regard all the foregoing as private between them.

How would the matter be introduced at CHOGM? Mr. Rao said that Mr. Ramphal had spoken to Mrs. Gandhi on 1 November about the possibility of Commonwealth intervention. Mrs. Gandhi had said nothing definite on that occasion but she had since told the press that so long as American troops were in Grenada it was more a matter for the United Nations than the Commonwealth. India had taken no position on the question of a Commonwealth force. The Prime Minister commented that if a force were contemplated, we should need to know its precise objectives and command structure and there would have to be a time limit on its duration. There were rather a lot of multi-national forces around and experience showed that they could delay solutions to problems. The Commonwealth would probably remain split on the propriety of the intervention. The fact was that there were quite a lot of Governments which we did not like; but it was necessary to think very carefully before intervening. Mr. Rao said that was precisely his view.

The Prime Minister asked when Mr. Rao thought the issue of Grenada would arise at CHOGM. Mr. Rao said that much depended on what happened between now and then. But the episode was causing great concern to everyone. If this kind of action was permitted, what was the meaning of sovereignty? The Indian Parliament would resume on 15 November and would "blast off" with this issue.

Mr. Rao said that he would be seeing Mr. Ramphal on 3 November. It would be helpful to know what his ideas were. The Prime Minister said that Mr. Ramphal had spoken of an "interim security force". The catchphrase "Commonwealth force" had been taken up by the media but there were difficulties in this idea, as illustrated by our experience with the MNF in the Lebanon. We would consider any request sympathetically but the force would have to meet the criteria which she had already outlined. Mr. Rao observed that even if a force had a clearly defined framework, the progress of events might invalidate the framework. Lebanon illustrated this. The Prime Minister said that we did not wish to get entangled in the situation. We were therefore considering whether, if we were asked, we could provide help with elections and police training. Mr. Rao remarked that it was a little odd that the idea of a Commonwealth force should emerge from the Commonwealth Secretariat before anyone had asked for one. The Prime Minister said that Mr. Trudeau had telephoned her about the possibility of a froce. She had told him that the United States must be allowed to finish the job. It would be wrong for Commonwealth troops to go into Grenada while fighting was continuing. Mr. Rao said that the latest reports suggested that the American military presence would continue for some time.

Reverting to CHOGM, Mr. Rao said that, Grenada apart, he thought it would be a fairly routine meeting. It would be useful if Heads of Government could concentrate on international economic issues.

The Prime Minister asked whether the Indians had any recent information about Mr. Andropov. So far as we knew he had not been seen in public for over two months. Mr. Rao said that he seemed to recall that Andropov had made one public appearance recently. But it was clear that he would not be able to undertake arduous tours. No date had been fixed for his visit to India.

Turning to other details of her programme in India, the Prime Minister said that she would be arriving early on 22 November and would be available all that day to help smooth over problems if that was necessary. She understood that Mrs. Gandhi would be

opening a textile exhibition at 0930 on 22 November; if Mrs. Gandhi personally very much wished to be accompanied, she would be glad to do this.

Mr. Rao said that he was delighted that the Prime Minister was to present a literary award during her visit. He himself was a member of the selection committee.

The Prime Minister said that we would all wish to concentrate on making CHOGM a great success. It would be important, especially in present circumstances, to give enough time to the problems of small islands, both those in the Caribbean and those in the Pacific. Mr. Rao said that when he had been to the regional CHOGM in Suva, there had been a strong move to prevent regional CHOGMs in the future but it had been agreed that at a time when new countries were trying to establish a national identity it was desirable that these meetings should continue.

The Prime Minister said that during our own election campaign various Sikh representatives had come to see her. She had told them that there was no point in their talking to her about their wish for a separatist state. It was not her business. Mr. Rao said that Sikh demands did not really present a major problem. It was more a matter of a scramble for power than a desire for a genuinely separatist state.

The Prime Minister then said that she hoped that there would be an opportunity for a bilateral meeting with Mrs. Gandhi when she was in Delhi. If Mrs. Gandhi wanted her to help in any particular way, she had only to let her know.

Mr. Rao then reverted to the situation in Grenada. He asked whether the Governor General acted under the British Government's instructions. The Prime Minister said that we issued no instructions at all to the Governor General. He was not responsible to us but to The Queen as Queen of Grenada. He had been appointed on the advice of the Government of Grenada and had full delegated powers. Following a series of detailed questions about the position of the Governor General, Mr. Rao

asked whether it was true that he had signed a letter requesting intervention. The Prime Minister said that no request had been passed through us or through Her Majesty The Queen.

The discussion ended at 1745.

A.J.C.

2 November 1983

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FILE

10 DOWNING STREET

From the Private Secretary

2 November 1983

Dear Peter,

Call on the Prime Minister by the Indian Minister for External Affairs

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Mr. Narasimha Rao called on the Prime Minister this afternoon. I enclose a record of the conversation.

Yours ever

Tom Cole.

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

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Foreign and Commonwealth Office

London SW1A 2AH

Dear John,

My letter of 28 October enclosed briefs for the Prime Minister's meeting with the Indian Foreign Minister on the afternoon of 2 November. I undertook to provide additional briefing as necessary on Grenada. I now enclose briefing for the Prime Minister's use.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

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OFFICIAL VISIT OF INDIAN MINISTER FOR EXTERNAL AFFAIRS:
MR NARASIMHA RAO: 1-4 NOVEMBER 1983

GRENADA AND CHOGM

POINTS TO MAKE

1. West Indian members of Commonwealth still divided. Trinidad coming round but Guyana bitterly opposed. Must bend our efforts to avoiding these divisions disrupting meeting.

2. Not clear yet who will represent Grenada. If nominee of Governor-General or caretaker administration hope no challenge to his credentials.

3. No possibility of agreed Commonwealth view on East Caribbean/US intervention. Concentrate discussion on assuring stability after withdrawal of US forces.

4. UK anxious for speedy return to constitutional and democratic government in Grenada. Would regard any arrangements to this end favourably. We consider the Commonwealth may have role to play in reconstruction of normal life in Grenada. Welcome Ramphal's efforts to this end. Have reservations about being directly involved in peacekeeping force, though would look sympathetically at any request for assistance. We are concerned that any multi-national or Commonwealth peacekeeping force which might be thought necessary should be properly constituted with clear objectives and timescale. Tentative preference for any UK involvement to be civil rather than military.

5. Indian views?

OFFICIAL VISIT OF INDIAN MINISTER FOR EXTERNAL AFFAIRS:
MR NARASIMHA RAO: 1-4 NOVEMBER 1983

GRENADA

ESSENTIAL FACTS

1. Indian Government spokesman said 26 October invasion of Grenada by outside forces could not be justified and was inconsistent with basic laws of international behaviour. Indian Government viewed events in Grenada with great concern. Killing of Prime Minister Bishop and several ministers had caused consternation and dismay in India and other non-aligned countries.

2. Indian Government will be deeply concerned about impact of events in Grenada on CHOGM.

3. Mr Rao will see Mr Ramphal at 1030 on 3 November.

10 DOWNING STREET

Prime Minister.

Indian Foreign Minister.

There is no need to read this vast set of briefs.

2. I suggest you read simply the papers immediately attached plus briefs nos 12 (Economic issues at CHOGM) and 13 (IDA etc.).

3. He may also want to discuss Grenada and a Commonwealth Force — I shall show you tomorrow a brief line to take.

A.J.C.

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c/ BI

Foreign and Commonwealth Office

London SW1A 2AH

28 October 1983

Dear John,

Visit of Indian Minister for External Affairs: 1 - 4 November

The Indian Minister for External Affairs, Mr Narasimha Rao, will call on the Prime Minister at 4.30 pm on 2 November. Mr Rao will be accompanied by the Indian High Commissioner, Dr Seyid Muhammad. Personality Notes on both are enclosed.

I enclose a short brief for the Prime Minister's use, together with a full set of the briefs prepared for Mr Rao's talks with Lady Young on 2 November and Sir Geoffrey Howe on 3 November. The briefs do not deal at any length with Grenada. Additional briefing on this issue will be provided as necessary.

During Mr Rao's visit to the UK from 1-4 November he will attend on 2 November the unveiling of the statue of Earl Mountbatten, the subsequent reception given by the Prime Minister, and the luncheon given by The Queen. Apart from the call on the Prime Minister and the talks with Lady Young and Sir Geoffrey Howe, he will attend a theatre supper given in his honour by Lord Whitelaw.

The call on the Prime Minister provies a good opportunity to impress on Mr Rao, one of the weightier members of Mrs Gandhi's cabinet, the importance the Prime Minister personally attaches to a productive relationship with India. The Prime Minister might express her satisfaction with the meeting on 30 September with Mrs Gandhi. She might also mention briefly our healthy commercial and defence sales relationship with India.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

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P V NARASIMHA RAO

Minister of External Affairs.

Born Andhra Pradesh (then Hyderabad State) 1921. Educated Nagpur, BSc LLB. Vice President Andhra Pradesh Congress Committee in 1956. Member of the Andhra Pradesh Legislative Assembly from 1957-77. State Minister of Law and Information 1962-64, Law and Endowments 1964-67, Health and Medicine 1967-68, Education 1968-71. Chief Minister of Andhra Pradesh 1974-77. Member of the Lok Sabha 1977. Appointed Minister of External Affairs in January 1980.

An experienced, well-respected politician. He depends for his political weight entirely on Mrs Gandhi. Although he is very typical of loyal, reliable and pliable Ministers she likes to have around her, he is well thought of by his officials. One of the more impressive members of the present Cabinet, he has been un unofficial troubleshooter for Mrs Gandhi on a number of domestic political issues. Now gaining increasing experience in international affairs he has a pleasant and informal manner, a good capacity to listen and a quiet, unshowy self-confidence.

A poet and something of a philosopher. Speaks Telegu, Marathi and Urdu as well as Hindi and English. Has published translations of Telegu and Marathi literature.

A widower.

V A SEYID MOHAMMAD

High Commissioner to the UK.

Born 1923; educated at London (PhD and Bar-at-Law); practiced Law 1948-65; Advocate General of Kerala 1965-67; Standing Counsel of the Union of India in the Supreme Court 1967-71; Senior Adviser to Indian delegation to the UN 1971; Alternate delegate to the UN General Assembly 1975-77; Member of Parliament 1973-77 and 1977-79.

Though he took part in the 'Quit India Movement' in 1942 and was imprisoned at the time, Dr Mohammad has warm memories of the time he spent in Britain for higher education. Though he seems to have quite a good brain, he is laborious and rather inarticulate in style and inexperienced in international affairs. But his appointment was not mere reward for unremitting loyalty to Mrs Gandhi; he split with her in 1978 and was a member of the Congress (U) until that party went into government with Charan Singh in 1979.

Married with two sons and two daughters, he and his wife are both naturally friendly and unaffected. Neither shines socially. Though a Muslim, Dr Mohammad drinks whisky. His days in London are said to be numbered.

CALL BY THE INDIAN MINISTER FOR EXTERNAL AFFAIRS:
1630 HOURS, 2 November 1983

POINTS TO MAKE

1. Relations excellent. Greatly welcomed opportunity to meet Mrs Gandhi in New York. Looking forward to visit to Delhi. Also looking forward to meeting Indian Defence Minister, Mr Venkataraman (next Monday).

Mrs Gandhi's UN Summit

2. Interested by Mrs Gandhi's account of summit meeting. Any intention to repeat exercise?

CHOGM

3. Look forward to frank, constructive exchange on wide range of political/economic issues. Sonny Ramphal's agenda proposals comprehensive.

East/West Relations

4. KAL airliner incident demonstrated Soviet attitudes. Confidence eroded. Affected atmosphere of East/West relations. On arms control, US have made constructive proposals. No sign of positive Soviet response.

Lebanon

5. Have reaffirmed our commitment to MNF. Important to make conciliation talks a success.

International Economic

6. Favour early conclusion of International Development Association (IDA) 7 negotiations. Prepared to envisage IDA7 of up to $12 billion, if US will contribute 25%. Will continue to support Indian case for appropriate share.

Bilateral Commercial

7. Welcome opportunity for joint review of trade prospects at Indo-British Economic Committee in January 1984 which Mr Tebbit will co-chair with Indian opposite number.

/8.

8. Interested in Indian plans to modernise Durgapur steel plant. UK glad to consider financial support for British Steel Corporation participation.

Defence Sales

9. Delighted by agreement in summer over supply of Sea King helicopters and Sea Eagle missiles. Understand consultations underway about future collaboration on Light Combat Aircraft project. Hope we can soon made progress on general defence collaboration Memorandum of Understanding.

Sikh 'Extremists' in UK (if raised)

10. Understand your concern. No question of support for such activities. Firmly committed to integrity of India. But British tradition of free speech, free association and free press guarantee right to all to express views provided within the law.

CALL BY THE INDIAN MINISTER FOR EXTERNAL AFFAIRS:
1630 HOURS, 2 NOVEMBER 1983

BACKGROUND

General

1. Indo-British relations are in good shape. Exchanges of visits continue at high level: Indian Minister of Defence, Mr Venkataraman, to UK 6-10 November; The Queen to India 17-26 November; Secretary of State for Trade and Industry to India, January 1984.

Mrs Gandhi's Summit

2. Mrs Gandhi invited Heads of State and Government to meet in New York during UN General Assembly. Attendance at the two informal summits was limited. Diffuse discussion of economic issues and disarmament. Indians probably disappointed by outcome, but Mrs Gandhi's own standing enhanced.

CHOGM

3. In New Delhi 23-29 November. After visit to India, The Queen will remain for opening stages to 26 November. Secretary-General has circulated proposals for agenda. Dominant subjects will be Namibia; disarmament; the experts report 'Towards a New Bretton Woods'; and possible increase of funds for Commonwealth functional cooperation. We and Indians likely to differ on a number of issues eg need for reform of international financial institutions. Mr Rao will be concerned by impact on meeting of Grenada.

East/West Relations

4. Indian reaction to Korean airliner incident characteristically 'balanced'. Did not wish to offend Russians. Andropov expected to visit India in early 1984. Indians tend to be sceptical of West's good intentions in arms control negotiations eg INF.

Lebanon

5. Indians not directly involved in mediation efforts in Lebanon. MNF Ministers Meeting, Paris, 27 October, reaffirmed commitment to MNF. Prospects for reconciliation talks uncertain. MNF contributors have agreed to put pressure on all participants.

/International

International Economic

6. Indians concerned about declining concessional aid flows. British aid programme 1983/84 £110 million, agreed with Mrs Gandhi in March 1982. No progress towards agreement on Seventh replenishment of International Development Association (IDA7). US attitude main obstacle. We consider $12 billion realistic target provided US contribute 25%. UK has been in forefront in arguing India's case for reasonable share of IDA 7 resources.

Bilateral Commercial

7. UK exports to India January-August 1983 £509 million, imports from India £230 million. Indo-British Economic Committee, chaired by Secretary of State for Trade and Industry, will meet New Delhi January 1984. British companies have won or are pursuing valuable contracts for large projects, including Rihand Super Thermal Power Station (contract signed following agreement with Mrs Gandhi in March 1982 - inter-governmental review of progress was held in UK 6-14 October), and modernisation of Durgapur Steel Plant (aid support available for UK consortium led by British Steel - Indian decision awaited).

Defence Sales

8. July 1983, Sea King/Sea Eagle contract (valued at £240 million) signed. Prospects include Light Combat Aircraft project on which BAe and Rolls Royce have put proposals for collaboration to Indians. A general Memorandum of Understanding on defence collabroation is under discussion with the Indians.

Sikh 'Extremists' in the UK

9. A handful of Sikhs in the UK actively support demands for the creation of a Sikh state out of the Indian state of Punjab. The Indian Government have privately expressed concern at the activities of these 'extremists' in the UK.

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS,
MR NARASIMHA RAO: 1-4 NOVEMBER 1983

(1) Steering Brief

International

(2) East/West Relations

(3) CHOGM

(4) Arms Control and Disarmament

(5) Arab/Israel and Lebanon

(6) Iran/Iraq

(7) Namibia

(8) China; future of Hong Kong

(9) Mrs Gandhi's UN Summit Meetings

(10) Nuclear Issues - IAEA

(11) India and the European Community

International Economic Issues

(12) The Approach to International Economic Issues at CHOGM

(13) India and the International Financial institutions

South Asian Regional Issues

(14) Afghanistan

(15) Sri Lanka

(16) Indo/Pakistan relations

(17) Indian Ocean (IOPZ and Diego Garcia)

Bilateral Issues

(18) India-UK Bilateral Topics

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS,
MR NARASIMHA RAO: 1-4 NOVEMBER 1983

BRIEF NO 1: STEERING BRIEF

1. The visit takes place against a background of increased political uncertainty in South Asia - challenges to Mrs Gandhi's authority in India, unrest in Pakistan, anti-Tamil violence in Sri Lanka, and, mainly as a consequence, heightened tension between the countries of the region. The talks with Mr Rao will provide a timely opportunity to reaffirm our continuing interest in the region and for an exchange of views on regional and world affairs with the region's most important Government.

Programme

2. Mr Rao last visited the United Kingdom in November 1981. The present visit is timed to coincide with the unveiling of the statue of Earl Mountbatten on 2 November, at which Mr Rao will represent the Indian Government. Following the unveiling, Mr Rao will attend the reception given by the Prime Minister and the lunch given by The Queen. He will hold talks with Lady Young on 2 November before the unveiling and with the Secretary of State on 3 November at a working lunch followed by a formal session. Mr Rao will also call on the Prime Minister on 2 November. Lord Whitelaw will give a theatre supper in honour of Mr Rao on 2 November.

3. The last visit by a Secretary of State to India was by Lord Carrington in January 1980. It is probable that Mr Rao will invite the Secretary of State to pay a return visit to India. The Secretary of State will of course be there in November for CHOGM. In the circumstances, and bearing in mind the possibility of a General Election in India during 1984 (Brief No 18), it might be best to leave open the question of a purely bilateral visit by the Secretary of State.

Recent Talks

4. Talks at official level with the Indians have taken place several times this year. The PUS met his Indian opposite number,

Mr Rasgotra, in India in February. They have since met in London twice, and Sir J Bullard held talks with Mr Rasgotra in New Delhi on 21 October. Telegrams reporting this last exchange are attached.

Relations with India

5. Relations with India are good. Greater trust and confidence has developed, based to a considerable extent on the rapport between the two Prime Ministers, who last met on 30 September in New York. They will meet again at CHOGM in late November. The Queen will visit India from 17-26 November. The Indian Defence Minister, Mr Venkataraman will visit the UK on 6-10 November, and will call on the Secretary of State and the Prime Minister. Trade, investment and defence sales are healthy. The Indo-British Economic Committee, chaired by the Secretary of State for Trade and Industry and his Indian opposite number, will meet in Delhi in January 1984.

6. Nonetheless, we cannot take the Indians for granted. Politically, our relations tend to lack substance. There are important differences over international issues, notably on Soviet intentions; the Indians tend to be too ready to make allowances for the Russians. They can also be quick to take offence at real or imagined slights. Mrs Gandhi is now in a pre-election period, and may be more tempted than usual to twist foreign policy issues to suit her internal political requirements. But we do not anticipate any basic change of approach.

Objectives

7. Our objectives are:

(a) to reinforce our efforts to develop and maintain a good relationship with Mrs Gandhi's administration;

(b) to demonstrate by our readiness to engage in genuinely frank discussion that we attach importance to political dialogue;

(c) to set out our position on international issues, particularly East/West relations, and to reassure the Indians about our policies

on regional issues, particularly on Sri Lanka.

8. We would expect Indian objectives to be:

(a) to reaffirm the importance they attach to their basic policy of non-alignment;

(b) to explain India's concern about regional developments and her policy towards her neighbours;

(c) to emphasise the need for Western sensitivity to the economic needs of developing countries, particularly in international financial institutions;

(d) to exchange views on issues of particular relevance to CHOGM, such as Grenada.

Agenda

9. There will be no formal agenda. To avoid duplication, it might be appropriate for Lady Young to concentrate on bilateral and regional issues, including Afghanistan and Sri Lanka, and for the Secretary of State to deal with major international issues: East/West relations, arms control and disarmament, international economic issues and preparations for CHOGM. There is one bilateral issue, the activities of Sikh extremists in the UK, which, in view of the importance the Indians place on it, it might be appropriate for the Secretary of State to raise, rather than Lady Young. We have suggested to the Indians the following broad areas of discussion:

(a) East/West relations and arms control/disarmament

India has a close relationship with the Soviet Union, which inhibits criticism of Soviet policies. There is gratitude for past Soviet support. Although there is no ideological affinity and the Indians are sometimes embarrassed by Soviet actions eg the Korean airliner, their respective policies often seem to lead in the same direction eg Afghanistan, Kampuchea and disarmament. They need to be persuaded that Western views are not mere rhetoric and that the West has real interests as stake. We should also encourage the Indians to understand that there is a distinctive British, as opposed to American, viewpoint.

(b) CHOGM and international economic issues

We are likely to differ with the Indians about the issues which should be dealt with at the Meeting. We should make clear in general the importance we attach to the Meeting and to the Commonwealth, and encourage the Indians to adopt a constructive approach. Mr Rao is likely to bring up international economic issues under this heading, as the Indians see the CHOGM as the next major forum for pursuing developing country interests. The Indians are worried about their long-term financial position, particularly over concessionary aid. They may raise IDA 7, borrowing from the Asian Development Bank, and the future of international financial institutions. Our concern is to be as helpful as possible (we took the lead in helping the Indians over IDA 6), while making them aware of the constraints imposed by the state of the world economy.

(c) South Asian Regional Developments

Relations between India and almost all of her neighbours have recently taken a turn for the worse, with the Indians accused of exercising a droit de regard. Traditional suspicion between India and Pakistan has been inflamed by Mrs Gandhi's remarks on internal unrest in Pakistan and by Indian allegations of Pakistani support for Sikh extremists in Punjab; the Sri Lankans (or at least the majority Sinhalese) resent what they see as Indian interference in the Tamil problem and the two sides have recently clashed over Tamil refugees at the United Nations; the Nepalese have protested about border incidents in the summer; and Bangladesh has been offended by India's intention to build a fence along the border to keep out illegal immigrants. We should listen to India's views on these problems, but, given Indian sensitivity about outside interference in the region, be careful not to appear to seek involvement. On Sri Lanka, we should emphasise our wish to see the Government there pursue a conciliatory policy towards the Tamils, and suggest that the Indians might be able to exercise a moderating influence on the Tamil leaders.

On Afghanistan, India is equivocal. She has avoided condemnation of Soviet policy and is suspicious of Western motives, arguing that pressure on the Russians is counter-productive. But the Indians are uneasy, and a frank discussion which probes the

VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS - 1-4 NOVEMBER

BRIEF NO 2: EAST/WEST RELATIONS

POINTS TO MAKE

Korean Airliner

1. Matter of world-wide concern. Western action in response has sent strong signal of condemnation to the Soviet leadership. Must also do everything we can to ensure this sort of incident can never happen again.

2. Glad that non-aligned were represented amongst those who voted for UN Security Department, and played important part in debate at ICAO. Welcome ICAO council resolution which called for independent enquiry, and measures to prevent repetition. Disappointed that India as Chairman, of NAM did not speak in Security Council Debate (other non-members did).

East/West

3. Incident symbolic of a deeper problem - attitude of mind and outlook of Soviet Union. Not a determing factor in East/West relations, but have clearly affected atmosphere in which they are conducted, particularly in light of Svoiet attempt to shift blame to US.

4. East/West relations rely on both substance and confidence. Russians have steadily eroded confidence: activity in Afghanistan, Poland and growth of military strength going far beyond justifiable requirements defence, and now KAL disaster.

5. Russians often talks as if only Soviet security mattered or was real. But must realise that image they project and actions they define as defensive create concern and fear in others.

6. Can progress be made on any of these issues? What sort of agreement on Afghanistan do Indians think Russians can accept which would permit Afghan self-determination and withdrawal of Soviet troops?

7. On arms control, US have made real concessions and are genuinely interested in negotiations. No sign of positive Soviet response.

8. How do Indians see Soviet Union coping with long-term economic, demographic and other problems?

India/Soviet Union

9. Your assessment of Andropov's policies a year after he took over leadership? Plans for him to visit Delhi?

Poland

10. Developments around 22 July (lifting of martial law, etc) mixture of positive and negative. With EC and NATO partners we continue to monitor and review developments. Our long term aim is a gradual resumption of contacts but this dependent on evolution of events in Poland. We shall be looking for deeds not words. Important that Polish Government should find means to pursue dialogue with all sections of Polish society.

11. Interested in Indian view of recent developments and current state of Indian/Polish relations.

CSCE [If raised]

12. CSCE process important to Europeans. Has put human rights firmly on East/West agenda. Conclusion of Madrid Conference useful impulse to CSCE process. Will not be seen whether commitments on paper are put into practice. Progress at CDE could contribute to improving East/West climate.

ESSENTIAL FACTS

Korean Airliner

1. Indian reaction to Korean airliner incident characteristically 'balanced': clear they did not want to offend Russians. But incident may have longer term effect on Indian perceptions.

Indo/Soviet Relations

2. India's relationship with the Soviet Union close. Minor problem for India of bilateral trade imbalance with the Soviet Union. Exchange of high-level visits in both directions has played a crucial role in the closeness of bilateral relations. Mrs Gandhi visited the Soviet Union for talks in September 1982; returned in November to attend Brezhnev's funeral following which she had a meeting with Andropov. Soviet Deputy Prime Minister Arkhipov visited India from 11-16 May. Rajiv Gandhi visited the Soviet Union from 4-13 July, when he met Gromyko and Marshall Ustinov.

3. Andropov has accepted an invitation to visit India. The visit was originally scheduled for November but Indian Embassy in Moscow now expect it to take place in early 1984.

4. Recent press reports have suggested that Mrs Gandhi has sent an informal letter to Andropov expressing her concern about the activities of the pro-Mosco Communist Party of India. Russians encourage CPI to collaborate with Mrs Gandhi and know that they must ultimately back her if necessary at communist expence.

Poland

5. Despite the imposition of martial law in Poland, Indian/Polish relations have continued on a normal basis. The Indian Minister of Power, Industry , Fuel and Coal

visited Warsaw in October 1982 for Seventh Session of the Polish/Indian Joint Commission. In November last year the Polish Foreign Minister paid official visit to India having talks with his Indian counterpart and calling on Mrs Gandhi. The Indians' view was that the crisis in Poland was the Poles' own business; they have issued no public statements on development.

CSCE

6. Madrid conference ended on 9 September 1983 and issued a Concluding Document. This represents a step forward from Helsinki Final Act. CDE will open in January 1984 in Stockholm. Discussion at step one will be limited to Confidence building measures (a considerable success for the West).

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS,
MR NARASIMHA RAO: 1 - 4 NOVEMBER 1983.

BRIEF NO 3: COMMONWEALTH HEADS OF GOVERNMENT MEETING (CHOGM)
23 - 29 NOVEMBER, 1983.

POINTS TO MAKE

Administrative Arrangements

1. We are most grateful for your task force's cooperation and assistance in administrative arrangements.

Agenda

2. Prime Minister looking forward to usual constructive exchange of views on wide range of international political and economic developments.

3. Sonny Ramphal's considered proposals for agenda seem comprehensive. There will be general agreement on some topics. Others will provoke considerable discussion, and sometimes disagreement. (E.g. Namibia, and proposals for arms control and disarmament). We should not permit meeting to get stuck on controversial items at expense of constructive discussion of others.

4. We doubt whether Commonwealth initiatives on subjects like Cyprus and disarmament would be helpful in present circumstances. These are delicate issues which are already being handled in other fora.

''Towards a New Bretton Woods''

5. Welcome experts' report as serious contribution to current discussion on ways of improving international trade and payments system.

6. Britain will play its part in further discussion of the issues raised by the report at the Heads of Government Meeting. (Further detail in separate brief).

/Commonwealth ....

Commwealth Secretariat Finance

7. Could not welcome any proposals that implied increase in Commonwealth Secretariat expenditure without compensating savings elsewhere.

Diego Garcia/IOPZ

8. If others wished to discuss Indian Ocean Peace Zone would not object. But discussion should not drift into consideration of the bilateral issue of sovereignty over Diego Garcia.

Style and Format

9. Aim that discussion should be frank and business-like as possible. Proposals in Sonny Ramphal's recent paper should help; we hope they will be generally observed.

Communiqué

10. We have noted Sonny Ramphal's proposal that the communiqué should be shortened by hiving off decisions on Commonwealth functional cooperation to a separate document. This should make communiqué easier to read.

11. Mr Whitney appreciated Mr Rasgotra's suggestion (in August) that we should let him have suggestions for the content of the communiqué. We hope that it will as usual cover major world problems which impinge on Commonwealth countries, and would welcome more detailed discussions nearer the time.

Pakistan (for use only if raised)

12. We would welcome Pakistan's re-admission. But this is a matter for the Commonwealth as a whole to decide.

Malta (for use only if raised)

13. We could not allow discussion of bombs and wrecks in Maltese waters at CHOGM as this is a purely bilateral issue.

Commonwealth Co-ordination Department

25 October 1983.

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS,
Mr NARASIMHA RAO: 1 - 4 NOVEMBER 1983.

BRIEF NO 3: COMMONWEALTH HEADS OF GOVERNMENT MEETING (CHOGM)
23 - 29 NOVEMBER, 1983.

ESSENTIAL FACTS

1. Sir J Bullard discussed this subject with the Indians on 21/22 October 1983 (New Delhi telegram no 748 of 24 October / attached).

2. CHOGM will take place in New Delhi 23-29 November, with weekend retreat in Goa 25-27 November. The Indians know that the Secretary of State will have to leave early for a Foreign Affairs Council in Brussels. After Her State Visit to India, The Queen will remain in New Delhi, as Head of the Commonwealth, from 23 to 26 November, for the opening stages of CHOGM.

Agenda

3. The Secretary-General, following consultations with Heads of Government, has recently circulated his proposals for the agenda for CHOGM. The agenda will fall into three broad headings, in each of which particular subjects will be dominant:

Political: Namibia: Disarmament

Economic: ''Towards a new Bretton Woods''

Functional Cooperation: Whether to increase funds for Commonwealth Foundation; whether to establish an official Commonwealth Arts Organisation.

Ramphal had previously suggested the possibility of Commonwealth initiatives on disarmament and Cyprus. The Prime Minister told him that she did not think these would be helpful. Mr Ramphal's latest proposals do not specifically mention Commonwealth initiatives in these subjects; but we know the Indians want to discuss disarmament, and the Australians are likely to support them.

Commonwealth Finance Ministers' Meeting (CFMM) and ''Towards a New Bretton Woods''

4. Commonwealth Finance Ministers met in Port of Spain,

/Trinidad ....

Trinidad, 21-22 September. One of the main items was ''Towards a New Bretton Woods''. This and other economic subjects to be discussed at CHOGM are covered by a separate brief.

Commonwealth Secretariat Finance

5. We do not know what attitude the Indians will adopt towards proposals involving increased expenditure. But they would contribute 2% of any increase. Other contributions rates are: Britain 30%; Canada 17.68%; Australia 9.01%; the rest 1.5% or 0.75%.

Diego Garcia/IOPZ

6. Any discussion of the sovereignty of Diego Garcia either in the context of a debate on the Indian Ocean Peace Zone proposal or separately would be incompatible with the convention that bilateral issues are not discussed at CHOGMs.

Style and Format

7. The Secretary-General has recently circulated a paper for early discussion at CHOGM about the style and format of these meetings. His proposals seem sensible and constructive and go some way towards meeting the Prime Minister's wishes for shorter communiqué, speeches and meetings themselves. They do not however go as far as we would wish on restricted sessions and reject our suggestion that some agenda items should be discussed by Foreign Ministers separately.

Communiqué

8. Mr Ramphal's suggestions on style and format of CHOGMs include a proposal that the communiqué should be shortened by issuing a separate document on Commonwealth functional cooperation and the Secretariat's work programme. This would achieve a shortening of the communiqué but it is doubtful whether two documents would in practice mean less work than one. Mr Ramphal's professed objective of ''highlighting (the) essentially political character'' of the communiqué itself may need watching.

9. Natwar Singh agreed with the need for a short communiqué at his meeting with Sir J Bullard on 23 June. Rasgotra invited suggestions from us for the communiqué at his meeting with Mr Whitney on 15 August.

/Pakistan ....

Pakistan

10. The British Government's publicly expressed view is that we would welcome Pakistan's readmission, but that this is a question for all Commonwealth members to decide. The Indians have made it plain that they do not wish the matter to be considered at the moment. When the PUS raised the matter informally with the Indian Foreign Secretary in Delhi on 3 February, Rasgotra replied that the real need was for India and Pakistan to improve their overall relations first. The question is thus unlikely to be considered before or during CHOGM.

Malta

11. Rasgotra said at his meeting with the PUS on 19 September that Mr Mintoff had written to Mrs Gandhi saying that if Britain did not resolve the problem of wrecks off Malta, Malta might have to leave the Commonwealth. Rasgotra said he would be grateful for advice on how to handle Mintoff. Any discussion of a bilateral issue such as the problem of bombs and wrecks in Maltese waters would be incompatible with the convention that bilateral issues are not discussed at CHOGMs.

Commonwealth Co-ordination Department

25 October 1983.

CONFIDENTIAL

GRS 250
CONFIDENTIAL
FM DELHI 240150Z OCT 83
TO PRIORITY FCO
TELEGRAM NUMBER 748 OF 24 OCTOBER

BULLARD'S VISIT TO DELHI: 21-22 OCTOBER.

1. BULLARD HAD FIVE HOURS WITH RASGOTRA AND COLLEAGUES OF THE MEA INCLUDING A WORKING LUNCH PLUS SEPARATE MEETINGS WITH NATWAR SINGH AND PARTHASARATHY.

2. ON SRI LANKA, SEE SEPARATE TEL.

3. ON ORGANISATION OF CHOGM, BULLARD SPOKE TO NATWAR SINGH AS BRIEFED: HE SAID THAT CLEARLY THE TWO MOST IMPORTANT DELEGATIONS WOULD BE THE BRITISH AND THE INDIAN. THE PRIME MINISTER'S GENERAL APPROACH WAS SIMILAR TO MRS GANDHI'S AS DESCRIBED IN HER INTERVIEW IN THE TIMES ON 19 OCTOBER, IE FREE-RANGING EXCHANGES WITHOUT TRYING TO FORCE DECISIONS WHERE THIS WAS NOT POSSIBLE. WE SHOULD NOT PERMIT CONFERENCE TO GET STUCK ON CONTROVERSIAL ITEMS EG NAMIBIA. NO SCOPE FOR COMMONWEALTH INITIATIVES ON DISARMAMENT, CYPRUS ETC. MAKE SERIOUS ATTEMPT TO SHORTEN COMMUNIQUE, AND IN ANY CASE TO SEPARATE OFF PARAGRAPHS ON COMMONWEALTH FUNCTIONAL COOPERATION. UK COULD NOT WELCOME ANY PROPOSALS IMPLYING INCREASE ON EXPENDITURE WITHOUT COMPENSATING SAVINGS. NATWAR SINGH MADE NO COMMENT EXCEPT TO ASK WHERE SAVINGS SHOULD BE SOUGHT. HIS MAIN INTEREST WAS TO KNOW SIZE OF UK DELEGATION AND WHETHER OR NOT THE PRIME MINISTER WOULD STAY AT THE RESIDENCE.

4. FOLLOWING BILATERAL POINTS COVERED IN BRIEFS WERE NOT (NOT) RAISED BY THE INDIAN SIDE: DURGAPUR STEEL PLANT, RIHAND POWER STATION, AID, IMMIGRATION, SIKH EXTREMISTS IN UNITED KINGDOM, INDIAN CANDIDATE FOR CHAIRMANSHIP OF UNESCO EXECUTIVE BOARD. NOR HAD INDIANS ANYTHING PARTICULAR TO SAY ABOUT RAO'S VISIT TO BRITAIN.

5. ATMOSPHERE: AFTER A RATHER FORMAL START A DISCUSSION OF REAL SUBSTANCE DEVELOPED, WHICH WAS CORDIAL IN TONE THROUGHOUT, AND REVEALED MANY AREAS OF COMMON GROUND.

6. FOR MAIN POINTS OF DISCUSSIONS SEE MIFT, ON LINES OF WHICH WE SHALL BE BRIEFING EC MISSIONS HERE.

WADE-GERY

LIMITED
SAD
CCD
ERD
SAFD
ACDD
SOV. D
RES D
NED

DEF D
MUD
UND
PS
PS/LADY YOUNG
PS/MR WHITNEY
PS/PUS
SIR J BULLARD
MR CLIFFORD
MR SQUIRE

CONFIDENTIAL

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS,
MR NARASIMHA RAO: 1-4 NOVEMBER 1983

BRIEF NO 4: ARMS CONTROL AND DISARMAMENT

POINTS TO MAKE

INF

1. The first cruise missiles will be installed in Britain by the end of 1983. But deployment programme will take 5 years and could be reversed at any time if success at Geneva warranted it.

2. NATO has shown maximum flexibility - zero option, offer of interim agreement, and now interim agreement including some aircraft and leaving Soviet Central Asian/Far Eastern SS20s unmatched by Cruise and Pershing II missile deployments in Europe.

3. Soviet response disappointing. Russians appear to have given up any thoughts of an agreement this year. Difficult to judge what they will do when first NATO missile deployments take place but new Soviet missile deployments look likely, especially of SS22 and SS23 in Eastern Europe. But these new Soviet missiles would probably have been deployed in any case. New Soviet missile deployments will be politically provocative but of little military use since new missiles could only duplicate tasks of existing SS20s.

START

4. Two recent sets of amendments to US START proposals, in June and October, have increased flexibility of US position. Proposals for stringent limits on Soviet ICBMs have been put to one side. Americans have also indicated greater flexibility

/over

over reducing Soviet destructive power (throw-weight) and readiness to make trade-offs between their advantages in strategic bombers and Soviet advantages in strategic missiles.

5. Prospects for progress in 1983 poor, because all eyes on INF. But more optimistic about chances of progress in 1984.

CDE [if raised]

6. Will bring together all 35 signatory states (Europe minus Albania plus US and Canada) to negotiate militarily significant confidence and security building measures. West's proposals will be designed to reduce tension and the danger of surprise attack by encouraging increased openness about normal patterns of military behaviour.

UN Resolutions [if raised]

7. The UK will support practical resolutions which are balanced, verifiable and offer reasonable prospects of success.

8. Declaratory resolutions do nothing for the UN's reputation; we shall not support them.

Comprehensive Test Ban (CTB) [if raised]

9. A CTB is a British objective. But no prospect of a treaty until the technical problems of verification are solved.

10. We intend to continue working actively on these problems at the CD.

Prevention of Nuclear War (PNW) [if raised]

11. Control of nuclear weapons is best negotiated among nuclear weapon states. Hence our firm support for the INF and START talks.

/12.

12. Have already taken important measures to prevent nuclear war. Prepared to consider others aimed at reducing all war, nuclear and conventional.

Chemical Weapons (CW) [if raised]

13. Urgent need for total ban. But progress blocked by Soviet failure to respond positively on verification. Progress on this key issue depends on them. Ready to play our part.

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS,
MR NARASIMHA RAO: 1-4 NOVEMBER 1983

BRIEF NO 4: ARMS CONTROL AND DISARMAMENT

ESSENTIAL FACTS

INF

1. The Indians appear to be sceptical about the West's good intentions in the INF negotiations. More generally, the Indian approach to arms control is based on a distrust of the strategy of deterrence and on seeing nuclear weapons as "weapons of mass destruction" and not weapons which deter effectively. The Indians maintain that separate negotiations for different categories of weapons lead to confusion and are illogical.

START

2. The 'Points to Make' contains all essential facts.

UN Resolutions

3. The Neutral and Non-Aligned (NNA) (with India leading) are likely to blame the West for inadequate progress on disarmament measures at the Committee on Disarmament (CD), particularly nuclear issues. The Russians will be ready to exploit this for propaganda.

4. We are trying at UNGA to work for consensus on balanced resolutions, without giving ground on issues with adverse implications for the West's security.

Comprehensive Test Ban

5. Our position is not easy. We share US desire to remain free to test our deterrents. But we cannot abandon our

/commitment

commitment to CTB, in particular because of the link with the Non-Proliferation Treaty. There are serious verification difficulties to overcome but India maintains that only political will is lacking. She also argues that peaceful nuclear explosions should be permitted under a CTB. We believe such explosions inherently confer military benefits and should be banned too.

Prevention of Nuclear War

6. The NNA want to see a PNW working group at the CD; we oppose this because it would lead to empty declaratory measures. Discussion will be resumed at next CD session.

7. This is one area where we propose to deny the Russians some propaganda opportunities by showing, at UNGA and the CD, our willingness to pursue this subject further on a realistic basis, pointing out that, whereas NATO's defensive deterrence strategy has kept the peace, unlimited expansion of conventional weapons is a destabilising factor.

Chemical Weapons

8. Slow progress at this year's CD, because the Russians stalled on verification. This will be the key issue at the 1984 CD, including in particular compulsory on-site inspection, without which the Convention will be ineffective. We shall be pressing the Russians hard, following up earlier Western proposals on which we have retained NNA support.

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS,
MR NARASIMH RAO: 1-4 NOVEMBER 1983

BRIEF NO 5: LEBANON AND ARAB/ISRAEL

Points to Make

1. MNF Foreign Ministers meeting in Paris (27 October) reaffirmed commitment to MNF. Will remain while it has valuable role to play. UK contingent will continue important task of guarding ceasefire committee.

2. Hope to get Greek/Italian observers in soon. Assume possible Indian contribution no longer under discussion?

3. Important to do all we can to make reconciliation talks a success. We and Ten urging all parties to adopt spirit of conciliation. Can Indians do the same? Prospects for talks?

4. Arab/Israel. Underlies more pressing Lebanon problem. Stalemate in no one's interest. Ten will continue efforts on basis of Venice principles. Prospects for meeting of Committee of Seven on Palestinian question? Indian assessment of current disarray in PLO?

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS,
MR NARASIMHA RAO: 1-4 NOVEMBER 1983

BRIEF NO 5: LEBANON AND ARAB/ISRAEL

Essential Facts

1. Indian attitudes. The Indians have not been directly involved with mediation efforts over Lebanon, although the Syrians had mentioned the Indians as potential neutral observers in Shouf. This has not been followed up. They have, however, played a significant part in non-aligned activity on the Palestinian issue this year. They drafted a relatively moderate passage for the Non-Aligned Summit declaration. This was toughened by the Arabs but included praise for the advanced European stand. To follow up the declarations the Summit established a Committee of Seven (apparently at Arafat's prompting) under Mrs Gandhi's chairmanship, to examine the Palestine question. It has not yet met; nor is its relationship to King Hassan's Arab League Committee clear. The Indians probably expect nothing to come of it.

2. Latest casualty figures for bomb attacks:
Americans: 220 dead, 75 wounded: French: 56 dead, 15 wounded, 2 missing. Lebanese Shia with Iranian backing still most likely culprits. President Mitterrand (24 October), Vice President Bush (26 October) and General Sir Frank Kitson, Commander UK land forces (25 October) visited contingents.

3. Ceasefire holding with usual minor violations. Quadripartite ceasefire committee continues to meet with BRITFORLEB guard. Delegates (LAF, LF, PSP and AMAL) expressed great appreciation for UK role on 26 October.

4. Details of Greek/Italian observer force (400 men each) still under discussion. Two countries have reaffirmed commitment but unlikely to deploy until reconciliation talks get under way (Geneva 31 October). Original Syrian suggestion that Indians (with Yugoslavs) might provide neutral observers seems to have been dropped.

5. Prospects for reconciliation talks uncertain. Four MNF contributors agreed on need to exert pressure on all participants. Americans have made clear to Gemayel that Maronite concessions are needed. Gemayel and Assad spoke (by telephone) for first time in months on 27 October. Conversation described as 'friendly'. National Salvation Front (Druze and allies) look likely to put forward reasonable ideas for institutional reform eg President to remain Christian but greater power for a new Muslim-dominated Parliament elected on non-confessional basis by proportional representation. Syria professes to want talks to succeed but scale of her demands uncertain. Status of Israel/Lebanon agreement likely to cause difficulties.

6. PLO. The situation remains confused. What is clear is that if the PLO leadership are to hold the movement together they will need to seek a compromise with Syria. This will involve a move towards more hard line policies. In the event of a full confrontation between Syria and Arafat there may be fragmentation. This could produce various groups claiming to represent Palestinians. Possible that West Bank Palestinian leadership could emerge in association with Jordan. Americans pin their hopes on this. The situation may be clarified if the Arab Summit meets in Riyadh in late November.

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS,
NARASIMHA RAO: 1-4 NOVEMBER 1983

BRIEF NO: 6 IRAN/IRAQ

POINTS TO MAKE

The War

1. Fighting continues on a limited scale following Iranian attack launched on 20 October.

Delivery of Super Etendard

2. Still no confirmation that aircraft delivered. Aircraft will not greatly affect overall military balance, but will increase tension and may lead to widening of conflict.

United Nations

3. Our efforts in UN aimed at balanced Security Council resolution acceptable to both sides. Important to keep Iranians involved in UN process.

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS,
MR NARASIMHA RAO: 1-4 NOVEMBER 1983

BRIEF NO: 6 IRAN/IRAQ

ESSENTIAL FACTS

The War

1. New Iranian offensive began in the Northern sector on 20 October. Iran's stated objectives are to disrupt Iraqi support for Kurdish insurgents in Iran, to occupy strategic heights near the Iraqi town of Panjwin, and to push Iraqi forces out of artillery range of Iranian towns. Iraq reacted swiftly and sharply to this Iranian attack but initial reports suggest Iran may have made some small gains. Fighting continues (as of 26 October) but unlikely to break overall military stalemate.

Delivery of Super Etendard

2. Still no firm indication that aircraft have been delivered. CIA think they have. On 13 October, Saddam Hussein told a press conference that aircraft would not be delivered before end of October.

Iraqi Intentions

3. Iraq has threatened to use the aircraft against tankers carrying Iranian oil from the Gulf. Some hints that Iraq might initially keep the aircraft in reserve as a threat to discourage any Iranian attempt to prevent Iraq from rebuilding her Gulf oil terminals. Nevertheless, quite likely that Iraq will make early use of this new weapon, irrespective of diplomatic moves. Iraqi authorities announced on 22 October that they had mined the entrance to Bandar Khomeini and warned international shipping to keep clear of this area.

Iranian Intentions

4. Iran has threatened to stop all oil exports from the Gulf if her oil exports are gravely disrupted. She lacks naval and air capacity to mount a sustained blockade but could disrupt tanker traffic by hit and run attacks or scattering mines. Possible that she will make some attempt at a graduated response to Iraqi use of Super Etendard. It is significant that Iran has described the second phase of the current

fighting in Kurdestan as a response to Iraqi claims to have mined the approaches to Bandar Khomeini.

United Nations (as at 26 October : to be updated in light of later developments)

5. Efforts to secure general acceptance of balanced draft resolution continue in Security Council. French and Americans anxious to proceed quickly. Soviets and Iraqis have proposed some amendments (which, on balance, would make the draft less acceptable to Iran). Iranians have not yet rejected present draft resolution and may be willing to negotiate on it. Jordanian Presidency of the Security Council is a major stumbling block for Iranians but this ends on 31 October. The question of sponsorship of the resolution could be difficult; in our view, non-aligned sponsorship would be best.

UNCLASSIFIED COVERING CONFIDENTIAL

OFFICIAL VISIT OF INDIAN MINISTER FOR EXTERNAL AFFAIRS, MR NARASIMHA RAO: 1-4 NOVEMBER 1983.

Brief No 7: NAMIBIA

POINTS TO MAKE

UN Plan for Namibia

1. We and partners in Five remain fully committed to implementation of Plan. Important it should not be undermined. Always a risk of throwing away what has been achieved so far. Contact Group will continue its efforts. FLSN and SG want us to persevere.

CHOGM

2. Hope discussion at Delhi will be constructive. Understand frustration but no point in dividing over eg sanctions. Best way to keep up pressure on South Africa is to keep UN Plan intact and stress resolve of international community to achieve a settlement.

US/ANGOLA

3. Important that US/Angola dialogue on Cuban withdrawal be allowed to run its course. Angolans would not keep talking if they did not themselves see long term advantage in Cuban withdrawal. We understand dialogue alive and continuing.

4. We do not see Cuban withdrawal as part of UN Plan, or as pre-condition for implementation. But cannot escape reality that withdrawal is political necessity for US and for South Africa. South African co-operation in implementing SCR 435 cannot be secured without it. A settlement cannot be imposed.

5. Cuban withdrawal would of itself be a good thing. We want to see withdrawal of all foreign troops - Cuban and South African from Angola, South African from Namibia. Would enhance prospects of stability in South Africa and for peaceful resolution of other problems in the region.

Commonwealth Force for Angola? [If raised]

6. Have you developed your ideas on Commonwealth/NAM force for Angola? Is this what Angolans want? Always good to look at fresh ideas. Some practical problems. Difficult to work out

/arrangements

arrangements acceptable to all the parties. There is an important internal dimension: we could not have a Commonwealth force fighting UNITA.

OFFICIAL VISIT OF INDIAN MINISTER FOR EXTERNAL AFFAIRS:
MR NARASIMHA RAO: 1-4 NOVEMBER 1983

Brief No 7: Namibia
ESSENTIAL FACTS [FOR USE FREELY, UNLESS INDICATED OTHERWISE]
Indian Attitude [not for use]

1. India hard line and doctrinaire. Follow lead of FLSN and have not within NAM or Commonwealth used influence for moderation. Provide UN Commissioner for Namibia in ex-UN Permanent Representative Mishra. He is not helpful. Tough statement by Rao in recent Security Council debate. Namibia will be a major political topic at CHOGM and Indians unlikely to resist attempts to embarrass us there over linkage . They will probably support calls for tough action against South Africa, though Rasgostra (Indian PUS) told Sir J Bullard on 21 October that they did not want confrontation.

UN Secretary-General's Mission Under SCR 532

2. SG's visit to Southern Africa in late August more successful than anticipated. Fairly positive written report by SG to Security Council on 31 August. Acknowledged SAG insistence on Cuban withdrawal by rejecting it as outside SCR 435.

US/Angola Dialogue [NOT FOR USE]

3. US considering tactics for 'final push' to obtain timetable for Cuban withdrawal from Angolans. Present military pressures on MPLA might make it difficult for them to deliver. Contacts continue.

UNITA/MPLA

4. Striking successes for UNITA with capture of Cangamba in August and occupation of Calulo in September. But no evidence UNITA could administer whole country. MPLA reject any talk of coalition with UNITA. Say they will not agree Cuban withdrawal until SAG leave Southern Angola, implement SCR 435, and stop support for UNITA. But realise that only way of removing South African presence and cutting off SAG direct support to UNITA will be through arrangement on Cubans.

/5....

A Commonwealth Force for Namibia/Angola?

5 There has been occasional talk of a possible Commonwealth force for Namibia/Angola. Rasgostra suggested to Bullard on 21 October that a Commonwealth Force (or one drawn from the NAM) might replace the Cubans in Angola. Bullard said we would consider this. While we would welcome anything which broke the logjam over Cubans, this idea involves a number of practical problems. We do not know if the Angolans would welcome it. But we need go no further at this stage in considering the proposal than pointing to the practical difficulties it would raise. What would be its mandate? Who would participate? Who would pay? Happy to look at any proposal that has been thought through. But organisation/ composition extremely difficult at first sight.

UN Security Council

6. [Briefing to follow: Debate opened 20 October, but as at 27 October outcome unclear].

Southern African Department
28 October 1983

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS,
MR NARASIMHA RAO : 1 - 4 NOVEMBER 1983

BRIEF NO 8(a) : CHINA

POINTS TO MAKE

1. Sino-Indian relations : Prospects?
(Defensive) Chinese not in mood for 'unilateral concessions' to India on border. But wish to maintain at least prospect of improving relations.

(Defensive)

2. Sino-Soviet relations : Soviet inflexibility seems to rule out fundamental improvement. But both sides now wish to maintain dialogue.

3. China internal : Leadership seems stable. Deng has laid foundations for collective succession. But prospects rather uncertain; after Deng's departure disaffected conservative elements, eg in armed forces, will be at least a drag on reform policies.

ESSENTIAL FACTS

Sino-Indian relations

1. Talks on the border dispute and improving relations were launched in December 1981. The fourth round began in New Delhi at the end of October. Little progress has been made, as the Chinese continue to urge a 'deal' freezing the post-1962 War status quo. In February the Indian Foreign Secretary told the PUS there was no evidence of serious Chinese desire to negotiate. In September the Chinese Foreign Minister told Mr Heath he foresaw lengthy talks and no early solution. Whatever the legal position, no Chinese leader would want to give away territory controlled by China, particularly while other sensitive sovereignty questions are current. But general Chinese emphasis on their pro-Third World 'independent foreign policy' and on developing 'South/South relations' provides a motive for maintaining the effort to repair relations with India.

Superpower relations

2. The Chinese continue to see the Soviet Union as the main threat to their security and to world peace. The third round of consultations on improving relations took place in Peking 6 - 20 October at Vice Foreign Minister level. Little progress seems to have been made. Although the Chinese are now willing to develop bilateral trade and some cultural, sporting and educational contacts, they say there can be no fundamental improvement in relations until the Russians act on three major obstacles - ie Cambodia, Afghanistan and the military threat on the Sino/Soviet frontier, in Mongolia and in SS-20 missile deployments. But neither the Chinese nor we expect substantial Soviet movement.

3. After US Defence Secretary Weinberger's visit to Peking in September, the Chinese Foreign Minister's visit to the US in October, and the announcement that the Chinese Premier and President Reagan will exchange visits in January and April 1984, China, in foreign policy terms, has again lost its recent appearance of equidistance from the two Superpowers. But the Taiwan problem and some other issues could still bring further strains in Sino/US relations. In any case for China maintaining the dialogue with the Soviet Union has merit in its own right: it enables her better

to manage the fundamental tensions which persist on the Sino/ Soviet border.

China Internal

4. Deng has continued to consolidate his position and push through reformist policies. But he is now 79 and the men in their 60's expected to succeed him eg Zhao Ziyang, Hu Yaobang, lack his authority. The 3-year party 'rectification' beginning this winter should help somewhat. But it seems to lack teeth and to be likely to proceed slowly.

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS,
MR NARASIMHA RAO : 1-4 NOVEMBER 1983

BRIEF NO 8B : FUTURE OF HONG KONG

(DEFENSIVE) POINTS TO MAKE

1. Sino-British talks continuing in Peking with common aim of maintaining Hong Kong's stability and prosperity. Atmosphere good. Last round 19/20 October. Described by both sides as useful and constructive. Next round 14/15 November.

2. Content of talks confidential.

3. We aim to seek settlement acceptable to Britain, China and people of Hong Kong. Their views taken fully into account. Made known to us and Governor through many official and unofficial channels. Governor and Unofficial Members of Hong Kong's Executive Council again in London for discussions 6-8 October. Mr Luce in Hong Kong 24-28 September.

4. Central issue is to devise package inspiring confidence. Given agreed common aim, confident this possible.

5. Meanwhile important nothing said or done to damage confidence. Grateful your understanding.

Sovereignty

6. Chinese and British positions well-known. We fully realise importance of sovereignty to China. We are not inflexible. Willing to consider any solution acceptable to Britain, China and Hong Kong.

Confidence in Hong Kong

7. Hong Kong economy generally healthy. Main reason for decline of Hong Kong dollar and stock market is cumulative effect of Chinese propaganda. This floats Hong Kong as Special Administrative Region

of China. Lack of confidence that this SAR plan would provide effective guarantees against Chinese interference.

8. Hong Kong Government have taken measures to stabilise Hong Kong dollar. Local stock market and currency responding well.

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS,
MR NARASIMHA RAO : 1-4 NOVEMBER 1983

BRIEF NO 8B : FUTURE OF HONG KONG

ESSENTIAL FACTS

1. The Secretary of State is aware of the background.

2. The Indians have not so far shown any significant interest in developments over the future of Hong Kong, although Sir J Bullard discussed it briefly with Mr Rasgotra, the Indian Foreign Secretary (PUS equivalent) during his visit to New Delhi from 21 to 22 October.

3. On the Prime Minister's authority we keep only the Americans fully in the picture about Hong Kong's future, and, to a lesser extent, the Australians, Canadians and New Zealanders. If Mr Rao raises the subject the Secretary of State will therefore wish to discuss it only in general terms.

4. According to the 1981 census, 11,867 people of subcontinental origin were resident in Hong Kong. These include a number of prominent businessmen, notably the Harilela family. There is also an Indian Chamber of Commerce in Hong Kong.

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS,
MR NARASIMHA RAO: 1-4 NOVEMBER 1983

BRIEF NO 9: MRS GANDHI'S UN SUMMIT MEETINGS

ESSENTIAL FACTS

1. Two meetings, on 27 and 29 September.

2. The following Western leaders attended the Summit meeting: Mitterrand, Trudeau, Lubbers, Palme, Sinovatz, Kiovosto, Thorn (Commission). Various Third World leaders (notably Nyerere) also attended. Pakistan did not participate. Nor, surprisingly, did Egypt although Mubarak was in New York at the time.

3. The first meeting seems to have been unsatisfactory, consisting of turgid pre-prepared speeches from the Bloc about NAM/Bloc common interests and a diffuse discussion of economic matters leading to no discernable conclusion. The second meeting was better focussed: on development, Nyerere's proposal for a new look at IMF/IBRD was countered by some Western leaders; and on disarmament there was general agreement on the need for restraint on East/West relations. Neither meeting gave birth to any form of communiqué. The Indians are probably disappointed at the outcome of the meetings, but are putting a brave face on the results publicly. And Mrs Gandhi has enhanced her own standing and India's.

UNITED NATIONS DEPARTMENT

21 OCTOBER 1983

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS,
MR NARASIMHA RAO: 1-4 NOVEMBER 1983

BRIEF NO 9: MRS GANDHI'S UN SUMMIT MEETINGS

POINTS TO MAKE

1. Very glad that Prime Minister was able to meet Mrs Gandhi in New York. We were interested to hear account of the Summit meeting. Any intention to repeat the exercise?

2. Prospects for Non-Aligned Movement?

OFFICIAL VISIT TO UK OF INDIAN MINISTER OF EXTERNAL AFFAIRS, MR NARASIMHA RAO: 1 - 4 NOVEMBER 1983

BRIEF NO 10: NUCLEAR ISSUES - IAEA

Points to Make (if raised)

1. UK agrees with India that Chinese entry on IAEA Board of Governors should not affect status of existing Board members.

2. The UK will not explore any further the 13 seat solution discussed with Mr Rasgotra in London.

Nuclear Energy Department
FOREIGN AND COMMONWEALTH OFFICE

25 October 1983

OFFICIAL VISIT TO UK OF INDIAN MINISTER OF EXTERNAL AFFAIRS, MR NARASIMHA RAO: 1 - 4 NOVEMBER 1983

BRIEF NO 10: NUCLEAR ISSUES - IAEA

Essential Facts

1. The 27th General Conference of the International Atomic Energy Agency (IAEA), held on 10-14 October 1983, accepted an application for membership submitted by the Peoples' Republic of China. There is general agreement among members that the PRC should have a designated (ie permanent) seat on the Agency's Board of Governors, but attempts to find a universally acceptable means of securing it have been unsuccessful. The most promising solution (the '13' solution) failed to gain the support of India, whose approval was vital for its success. This solution would have given China the designated Board seat currently occupied by India, as one of the world's nine most advanced nuclear states, and thus created a new regional designated seat for India as the most advanced nuclear state in South Asia. While this would not have affected her position within the Agency, India saw the 13 solution as being incompatible with her image as a world nuclear power.

2. At a meeting with his Indian counterpart, Mr Rasgotra, on 19 March, Sir Antony Acland discussed a variant of this solution that we hoped would be more acceptable. Mr Rasgotra replied that the subject had been considered at the highest levels in Delhi, and that the Indian Government could never accept a solution involving even a temporary loss of status for India. If such a solution were adopted, India would be forced to reassess her future relations with the Agency.

/3.

3. We now expect the Chinese Board seat to be created by an amendment of the Agency's Statute. This would not offend India's amour propre, but may take some two to three years.

Nuclear Energy Department
FOREIGN AND COMMONWEALTH OFFICE

5 October 1983

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS,
MR NARASIMHA RAO: 1-4 NOVEMBER 1983

BRIEF NO 11: INDIA AND THE EUROPEAN COMMUNITY

POINTS TO MAKE

1. Welcome the prospect of establishment of contact between India and the Ten in Political Cooperation.

2. Do not feel that a Troika arrangement is the most appropriate here. In our experience Troika meetings not always the most rewarding form of contact for either side: meetings tend to be very formal; often difficult to find dates suitable to all those involved.

3. Use of Troika by no means an indication of the strength of interest in, and the importance the Ten attach to, contact between themselves and any third country.

4. Support proposal for meetings between the Presidency and the Indians. UK, as a member of the Ten with especially close links with India, particularly concerned that the arrangement adopted should be the best and most effective for all concerned.

ESSENTIAL FACTS

1. The Indians raised some time ago the question of contact with Ten and proposed that Rao should meet with Ministers of member states in Brussels on 19/20 September. This meeting did not take place. Rao subsequently spoke in terms of a meeting with the Troika. The Greek Foreign Minister, Haralambopoulos, met Rao in New York in his Presidency capacity for a general exchange of views and it was agreed that similar meetings should be held ad hoc in future. It would appear therefore that Rao may have accepted meetings with the Presidency rather than the Troika.

2. The UK welcomes the prospect of increased contact between India and the Ten but feels that a Troika arrangement would not be appropriate in this instance. Regular Troika meetings have already been established with several third countries (eg US, Japan) but the growing use of the Troika in these circumstances has been criticised by other members of the Ten, in particular the French who claim that it weakens the Presidency. The Ten have in the past received requests for Troika meetings from a number of other nations which have to date been refused. To agree to such a request from India would leave the Ten open to considerable pressure from these and other third countries for similar treatment.

POLITICAL COOPERATION UNIT
European Community Department (External)

28 October 1983

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS, MR NARASIMHA RAO: 1-4 NOVEMBER 1983

BRIEF NO 11: INDIA AND THE EUROPEAN COMMUNITY [will follow on 31 October]

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS,
MR NARASIMHA RAO: 1 - 4 NOVEMBER 1983

BRIEF NO 12: THE APPROACH TO INTERNATIONAL ECONOMIC ISSUES AT CHOGM

Points to make

General

1. Look forward to opportunity to discuss economic issues in CHOGM's unique forum. Atmosphere lends itself to open and constructive discussions.

2. Have now been number of important international meetings this year which have addressed world's economic problems. Hope our own deliberations at CHOGM will further contribute in a constructive way to the process.

3. The three Commonwealth Expert Groups' reports will provide a useful basis for discussion. Much to commend in all three.

4. "Towards a New Bretton Woods" contains sensible analysis of problems facing world economy and recommendations for action within existing institutions. Do not see need for IMC now but willing to consider part which such a conference might play in international monetary reform in due course.

5. We also agree with many of recommendations in the other two Commonwealth reports on resistance to protectionism and ways of improving the negotiating process between developed and developing countries. We have always been strong

/advocates

HRMADO

advocates of free and fair trade. We have also made repeated efforts to promote practical improvements in negotiating procedures between developed and developing countries.

Prospects for World Economic Recovery (if raised)

6. Opportunity at CHOGM to discuss state of world economy. Now signs world recovery firmly launched, particularly in North America. Important that developing countries take advantage of recovery as it proceeds. The Williamsburg Summit Meeting and the Commonwealth Finance Ministers recognised this. Markets must be kept open and protectionist trends reversed.

UNCTAD VI (if raised)

7. Some modest progress made. Over 20 resolutions adopted by consensus. But Conference was a difficult one. Effective dialogue hampered by UNCTAD's unwieldy procedures.

8. Hoped Conference would have taken more notice of need for more flexible working methods on lines set out in Commonwealth Expert report "North/South Dialogue: Making it Work". We suggested this.

Essential facts

General

1. CHOGM comes at end of round of important international economic meetings in 1983: OECD Ministerial and Williamsburg Summit Meetings in May; UNCTAD VI in June-July; IMF/IBRD Annual Meetings and Commonwealth Finance Ministers Meeting in September. UNGA currently in session.

2. Three Commonwealth Experts reports on table at CHOGM. Attention likely to focus on "Towards a New Bretton Woods" commissioned by Commonwealth Finance Ministers Meeting in London in 1982. Sensible analysis of problems and recommendations: desirability of sustained non-inflationary growth, encouraging direct private investment, giving priority in aid flows to poorest, enhanced co-ordination of macro economic policies and resistance to protectionism are all ideas we can support. But we have strong reservations about the central element of report suggesting that preparatory work be put in hand leading to an international monetary conference. Indians described report as 'very conservative' to Sir J Bullard during talks in New Delhi 21/22 October.

3. [NOT FOR USE] We are seeking to ensure that, in his report at CHOGM on Commonwealth Finance Ministers Meeting (CFMM), Trinidadian Prime Minister will refer to Chancellor's proposal at CFMM to set up Commonwealth Group to hold discussions with international financial

institutions to identify changes commanding international acceptance. We could then seek to rally support for the proposal at CHOGM. Indians told Sir J Bullard they were sceptical of proposal, saying they thought next stage after so many expert reports and work in Committee for Development Planning, should be direct intergovernmental discussions.

4. The two other Commonwealth Expert Group reports, "Protectionism: Threat to International Order" and "North/South Dialogue": Making it Work" were commissioned at last CHOGM at Melbourne and produced in 1982. They have not been specifically followed up but there is much in them which we can accept. [NOT FOR USE] There may be tactical advantage in playing them up at CHOGM to counter-balance concentration on "Towards a New Bretton Woods".

Prospects for World Recovery

5. Mr Rao may want to discuss this in advance of CHOGM. Prospects for 1983 and 1984 are for a modest improvement in international economic climate. Long term solution to developing countries' difficulties lies in end to world recession and resumption of sound lasting growth amongst industrialised countries. Will enable developing countries to export more, increase their earnings, service their debts and invest in future.

HRMADO

UNCTAD VI

6. Developing countries disappointed at failure to achieve progress at UNCTAD VI (6 June - 3 Jully, Belgrade) towards ambitious programme put forward at their Ministerial Meeting in Buenos Aires (28 March - 9 April). Despite rumours of a walk-out by G77, Conference finally adopted more than 20 resolutions by consensus, after President (Yugoslavia) had put together compromise package. Unworkable UNCTAD procedures must bear part of blame for any disappointment. Perhaps because conscious of their position as Chairman of NAM, India took a less moderate line in the G77 at UNCTAD VI than in the past.

Economic Relations Department
27 October 1983

HRMADO

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS, MR NARASIMHA RAO: 1 - 4 NOVEMBER 1983

BRIEF NO 13: INDIA AND THE INTERNATIONAL FINANCIAL INSTITUTIONS

Points to make

IMF/IBRD

1. Believe that UK's two-tier proposal of access was best achievable deal at IMF/IBRD Annual Meetings. This and other issues will be discussed in Executive Board. Look forward to taking part in these discussions. Hope Executive Board will endorse the Interim Committee's decision.

2. UK has made clear to Americans importance of approval of legislation to give effect to quota increase. UK has already passed its legislation. Important that quota increase comes in to effect on time.

International Development Association (IDA)

3. HMG favours early conclusion of IDA 7 negotiations so that the next replenishment can be effected next July.

4. Size of IDA 7 must command support of all donors and be based on principle of fair burden-sharing among them. $9 bn would be disappointing. Prepared to envisage a somewhat larger IDA 7, perhaps as high as $12 bn, if US will contribute 25%.

5. We are ready to support whatever donors collectively can afford. However the $16 bn total put forward by the World Bank is clearly unattainable.

6. We shall continue to support India's case for an appropriate share of IDA resources. Helpful if Indians could step up their own lobbying.

The European Investment (EIB) - if raised

7. EIB lending to India difficult. EID's primary role in Europe. Limited resources available will be needed for ACP and Mediterranean.

Asian Development Bank - if raised

8. <u>India and the Bank</u> - We support India's right to ordinary loans from the ASDB. We said at the Bank's Annual Meeting last May that we believed the recently agreed increase in capital stock should allow for something for new borrowers; such as India.

9. <u>Resources</u> - UK satisfied with results of recent exercises to increase Bank's resources (replenishment of concessional Asian Development Fund and increase in capital stock). These should provide reasonable basis for Bank's operational programme for next few years and for its further progress as a development institution.

Essential facts

IMF/IBRD

1. At the IMF/IBRD Annual Meetings in Washington (27 -30 September), one of the main items for discussion was the level of access to IMF resources following the recently agreed increase in quotas. (This increase has to be given effect by individual countries agreeing to their own quota increase. The main worry at the moment is that the US Congress will not pass the necessary legislation.) This issue had been discussed in the Executive Board of the IMF before the Annual Meetings. It was clear that there was a wide range of views. On the one hand many developing countries argued that the present multiple of access (150%) should remain. On the other hand, the United States argued that the multiple of access should be reduced to 102%. This would have left 108 countries worse off in cash terms.

2. At the Annual Meetings, the UK floated a compromise proposal which allowed a two-tier access of 102/125% per annum. This proposal was agreed by the IMF's Interim Committee although India and Zimbabwe dissented from the consensus. The proposal will be put to the Executive Board for final approval. It is conceivable that the decision of the Interim Committee could be turned down by the Executive Board since the Indians and the others who dissented from the consensus would need to gather only a limited amount of extra support to obtain sufficient votes to frustrate the

85% majority necessary for agreement. The Indian Foreign Secretary, Rasgotra, (PUS equivalent), told Sir J Bullard on 21/22 October in Delhi that the present multiple of 150% should be maintained for access to the IMF. Sir J Bullard expressed the hope that the Executive Board would approve the UK compromise proposal for two-tier access and that India would not press her objections. Other Fund issues (eg the question of a SDR allocation) will also be discussed by the Board.

3. India has had a Fund programme since 1981. It has been relatively successful.

International Development Association (IDA)

4. No progress was made towards agreement on the size of IDA 7 at the recent meeting in Washington. The US Administration was adamant about its limit of $750 million a year as 25% of the total, which effectively means a $9 bn replenishment over three years unless others (eg the Japanese) feel disposed to make up the shortfall. There are no signs that Japan wishes to contemplate this. The next round of the negotiations takes place in Paris on 21 - 22 November. Meanwile, political pressure is being put on the US Administration to improve its cash offer. The most that can be hoped for is an annual level of $1 bn to provide $12 bn for IDA 7 (ie at the IDA 6 nominal level).

5. We consider $9 bn to be an inadequate response to the needs of the poorest countries: a realistic total (and one which we could support) is $12 bn. The World Bank's target of $16 bn does not command full international support among donors, and is therefore unattainable. Contributions to IDA have always been based on the principle of fair burden-sharing; donors wish strongly to adhere to this and not use their limited aid resources to make good any shortfall in the contribution of others. Many, including the UK, are exercising public expenditure constraints as part of the measures to strengthen their own economies.

6. Questions of actual resource allocations, especially to India and China, are matters for IDA's Executive Board, on which both countries are represented. The UK has been in the forefront of arguing India's case for a reasonable level of IDA 7 resources; but we (and the Indians) accept the inevitability of reduced flows to accommodate China. Most donors are against abrupt changes in allocations to IDA recipients; and this will probably result in India's allocation being phased down over a few years, with a programme for China being built up over the same period. It is impossible to predict allocation levels until the size of IDA 7 is known.

7. IDA 7 was also raised in the talks between Rasgotra and Sir J Bullard on 21-22 October. Rasgotra asked if the US attitude made a figure of $16 bn impossible, could the other

donors nevertheless contribute on the basis of this total? Sir J Bullard replied that a total of up to $12 bn might be conceivable for IDA 7 but only with fair burden-sharing and a US contribution of 25%: $16 bn was clearly unattainable.

World Bank: Selective Capital Increase

8. There is general agreement amongst Bank members on the need for a Selective Capital Increase to realign the shares of those members in the Bank whose quotas have increased in the IMF as a result of the 8th Review. Bank Management favours an SCI of $20 bn; some members, including the United States, believe that one of $3 bn would suffice. However, the latter figure would do nothing to help sustain the Bank's current record lending levels until the next General Capital Increase (tenable from 1986). HMG's suggested compromise for an SCI of around $8 bn may be found generally acceptable. The matter is one for the Bank's Executive Board.

European Investment Bank (EIB)

9. India has expressed the hope of higher levels of Community capital aid through gaining access to the European Investment Bank. This would represent a radical expansion of the EIB's scope outside the Community - currently limited to the ACP and Mediterranean - to which we, and, so far as we know, others are strongly opposed.

Asian Development Bank (ASDB)

10. India has exercised a self-denying ordinance by not seeking any ASDB loans but is now turning to ASDB because with the admission of the PRC to the World Bank and the likely constraints on IDA resources, her traditional 40% share of IDA resources is under pressure. Whilst not seeking, at present, concessional ASDB loans, India is claiming the right to borrow from the Bank's ordinary capital resources in the current capital increase period, 1983-86.

11. The Bank acknowledges India's eligibility to borrow, and indicated that in view of the smaller than hoped for capital increase (see paragraph 14 below) there will not be room for very much lending to India. The Bank stressed that its traditional borrowers should have a prior claim on the Bank's attention and resources. It intends to evolve a pragmatic and gradual approach to lending in India, limiting its involvement to a few loans each year to selected high priority sectors. This accords with our views. Whilst supporting India's entitlement to borrow, we have not endorsed any particular figure.

12. We understand that the Bank may work up a loan for approval late in 1984, and that India feels the extent of borrowing will depend on the Bank finding sufficient 'bankable' projects.

13. Resources. A third replenishment of the concessional Asian Development Fund totalling $3,214 m for new commitments in 1983-86 became effective in April this year. Although less than sought by the Bank and developing member countries, it will nevertheless maintain the level of concessional lending to the Bank's poorest member countries. The UK committed nearly £72 m, bringing out total commitment to the Fund to over £167 m.

14. An increase in the Bank's capital stock of 105% with 5% paid-in was agreed in April 1983. We considered this to be a very satisfactory result, although some donors and developing member countries, including India, have supported a higher target of 125% with 10% paid in. We believe the increase will enable the Bank to retain a pre-eminent position amongst the International Financial Institutions. The increase will double the Bank's authorised capital resources to over $16 bn. The cost of our new shares will be some £117 m of which nearly $6 m will be paid in over a period of 10 years.

ECONOMIC RELATIONS DEPARTMENT
26 October 1983

TPHAFR

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS,
MR NARASIMHA RAO: 1-4 NOVEMBER 1983

BRIEF NO 14: AFGHANISTAN

POINTS TO MAKE

1. Remains issue of utmost concern to UK and international community. Soviet intervention unjustified and unacceptable. Reject Soviet charges of outside interference.

UNGA 38

2. Expect further resounding vote calling for Soviet withdrawal. No reduction in Third World concern.

UN Mediation

3. Key to settlement must be Soviet withdrawal. Support Secretary-General's efforts to find an acceptable solution. President deadlock caused by Soviet refusal to agree timetable for withdrawal. Further delay will belie Soviet claims to support UN effort.

4. Pakistan committed to UN effort. Rightly insists that settlement must be based on principles of UN resolutions.

CHOGM

5. Important that communique again reflects general Commonwealth concern. No weakening of position, nor acceptance of Soviet presence in Afghanistan.

South Asian Department
26 October 1983

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS,
MR NARASIMHA RAO: 1-4 NOVEMBER 1983

ESSENTIAL FACTS

UNGA 38

1. The General Assembly has adopted four resolutions with overwhelming majorities (114-21-13 in November 1982) calling for the immediate withdrawal of foreign (ie Soviet) troops from Afghanistan. The Pakistanis will again take the lead in sponsoring this year's draft resolution; we and our allies will lend discreet lobbying support. The debate is expected to take place in mid-November.

UN Talks

2. Cordovez's mediation effort remains deadlocked on the crucial question of a timetable and termination date for Soviet troop withdrawal. The unyielding Soviet position was restated during Gromyko's visit to Paris in early September, ie that the root of the Afghan problem is 'external interference' from Pakistan, Iran and the West and that Soviet withdrawal is a bilateral matter with the Karmal regime. Pakistan is nonetheless determined to keep the process going. Recent crossborder air raids from Afghanistan have emphasised Pakistan's vulnerable position.

3. Cordovez and Perez de Cuellar are less optimistic now. In his report to the General Assembly on 28 September, Perez de Cuellar expressed his 'deep concern at the slow pace of negotiations'. On 30 September, he told the Prime Minister that he would press for Soviet agreement to a withdrawal timetable and would pursue his efforts so long as the Pakistanis and Karmal regime so wish, but that he was looking for signs of commitment from both sides. Further informal consultations are planned during the General Assembly, and Cordovez may return to the area later.

/Situation

Situation on the Ground

4. Soviet troop levels remain at about 105,000 but the military stalemate persists. The Russians and Karmal regime seem to be using more brutal tactics. Nevertheless, resistance activity continues in most parts of the country. The Karmal regime, dogged by inter-factional rivalry, exerts only limited control over cities and roads. It has failed to win domestic or international support. There are now up to 3 million refugees in Pakistan and a further million registered in Iran.

Indian Position

5. India is embarrassed by the Soviet presence in Afghanistan. During a visit to Moscow in 1982, Mrs Gandhi publicly called for the withdrawal of Soviet troops, but she also argues that Western and Pakistani interference in Afghanistan provoked the Soviet invasion. India advocates 'quiet diplomacy' rather than condemnation of the Soviet Union and maintains full diplomatic relations with Karmal regime. She has abstained on all four UNGA resolutions, which has isolated her from the great majority of non-aligned opinion.

6. It will be important to ensure that the CHOGM communiqué contains a robust reference to Afghanistan as at Melbourne in 1981 (see annex).

South Asian Department
26 October 1983

CHOGM : Melbourne Communiqué
October 1981

further international assistance on a substantial scale. They therefore specially welcomed the establishment of and the progress made by the Southern African Development Co-ordination Conference (SADCC) aimed particularly at strengthening co-operation among the majority-ruled states in the region and reducing their economic dependence on South Africa. While noting that significant bilateral and multilateral assistance is already being provided to SADCC to which Commonwealth countries are contributing, Heads of Government drew attention to the need for even greater international assistance to meet the emergent needs of SADCC countries.

Afghanistan

21. Heads of Government expressed grave concern at the situation in and around Afghanistan and its implications both for the region's peace and stability and for international security. Although there were differing perceptions about the developments leading to the present situation, Heads of Government were united in calling urgently for a political settlement on the basis of the withdrawal of foreign troops and full respect for the independence, sovereignty, and non-aligned status of Afghanistan and strict observance of the principles of non-intervention and non-interference. They affirmed the right of Afghan refugees to return to their homes in safety and honour. They urged all concerned to work towards a negotiated settlement which would leave the Afghan people free to determine their own future.

South-East Asia

22. Heads of Government were gravely concerned by the continuing tension in South-East Asia arising especially from the armed conflict in Kampuchea which affected the peace and security of the whole region and, if left unchecked, would result in the active intervention by major powers in the affairs of the region. They reaffirmed their support for the principles of non-interference in the internal affairs of sovereign states and the inadmissibility of the use of force in international relations. They agreed on the urgent need for a comprehensive political settlement which would ensure the sovereignty, independence and territorial integrity of all states in the region, including Kampuchea. They reaffirmed the right of the people of the region to determine their future free of outside interference, subversion or coercion, and called for the speedy withdrawal of all foreign forces from Kampuchea. Heads of Government endorsed the conclusions of the New Delhi Conference of Foreign Ministers of Non-Aligned Countries in this regard. They noted various proposals, decisions and efforts of the

various parties concerned directed towards finding an early political settlement of the problem.

23. Urging all states in South-East Asia to develop peaceful and friendly relations, Heads of Government noted with approval the efforts being made for the early establishment of a zone of peace, freedom and neutrality in the region, and called on all states fully to support these efforts.

24. Heads of Government also noted with concern the problem of Indo-Chinese refugees/illegal immigrants caused by the continuing instability in Indo-China. They expressed their appreciation to countries of first transit burdened with this problem and to the resettlement countries for accepting these refugees/illegal immigrants. They were convinced that the root cause of this problem could be eliminated through a political solution to the conflict in Indo-China. They urged the countries which have the primary responsibility to tackle the problem of illegal departures at source by fostering the establishment of circumstances in which all the people concerned can live in peace and harmony and by co-operating with the UNHCR and resettlement countries to implement the programme of orderly departures.

Cyprus

25. Heads of Government, reaffirming their Lusaka Communiqué and their decision regarding the Commonwealth Committee on Cyprus, reiterated their support for the independence, sovereignty, territorial integrity, unity and non-alignment of the Republic of Cyprus and their solidarity with its Government and people. They stressed the importance of respect for the human rights and fundamental freedoms of all Cypriots and called for an end to all foreign intervention and interference in the Republic of Cyprus. While welcoming the resumption of inter-communal talks under the auspices of the United Nations Secretary-General, they expressed their concern that these talks have not yet produced a solution, and stressed the need to achieve early progress towards a just and lasting solution, based on the implementation of the relevant United Nations resolutions and the High-level Agreements. They noted that the President of the Republic of Cyprus had once again drawn to their attention his proposal for the total demilitarisation and disarmament of his country, put forward as a significant contribution to the search for a solution to the problem of Cyprus, a member of the Commonwealth.

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS,
MR NARASIMHA RAO: 1-4 NOVEMBER 1983

BRIEF NO 15: SRI LANKA

POINTS TO MAKE

1. Concerned at lack of progress towards solving intercommunal differences. Tension and mistrust remains high.

2. Lady Young found discussion with Mr Parthasarathy most useful. Sir J Bullard's discussions in Delhi also most helpful.

3. Have spoken to Sri Lankan Ministers in favour of reconciliation. Now considering what more we can do to promote communal dialogue.

4. Recognise difficult situation faced by both sides. Clear that Government will have to make concessions to Tamils to achieve lasting accommodation. But President has only limited room for manoeuvre. Cannot pursue dialogue unless Tamils abandon separatism. Any hope of this following recent TULF meetings in Madras? Any development on further visit to Colombo by Mr Parthasarathy?

5. Valuable to keep in touch. Believe we have same interest in peaceful solution. But delicate subject for Sri Lanka. We should maintain discretion.

<u>British Aid Programme</u> (if raised)

6. No question of change in our aid policy. Completion of Victoria Dam vital for country's economic development. Our aid intended to benefit all communities. Recently announced additional £10m grant for the project.

/British

British Military Assistance (if raised)

7. As Indians know, request for troops for internal security purposes during the violence turned down.

8. However, have long and traditional ties and see no reason to abandon them. Sri Lankan Government face genuine terrorist threat which, for various reasons, they find difficult to handle. Prepared to consider ways in which our advice or assistance might be helpful as we would for any other friendly commonwealth Government.

ESSENTIAL FACTS

INTERNAL SITUATION

1. There has been long standing friction between the Tamil and Sinhalese communities. The Ceylon Tamils claim discrimination by successive Sinhalese dominated Governments, and since 1976 the Tamil United Liberation Front (TULF) has demanded an independent state (Eelam). Extremists have increasingly used terrorist violence against the security forces and moderate Tamils.

2. Since the anti Tamil rioting at the end of July, the situation has been generally calm. The Government have restored law and order and discipline in the security forces. The Government has introduced legislation to ban separatist parties and also proscribed those left wing parties claimed to have been involved in the violence.

3. There has been no sign of dialogue between the Government and Tamil leaders, since the meeting at the end of August between President Jayewardene and Mr Amirthalingam following Mr Parthasarathy's visit. The TULF is in disarray and its leaders have mostly been abroad since the violence. President Jayewardene has only limited room for manoeuvre. Neither his United National Party or the Sinhalese community are ready to accept significant concessions to the Tamils.

<u>UK/Sri Lanka relations</u>

4. Under President Jayewardene, Sri Lanka has proved a friendly pro-western country, often helpful to British interests, voting with us at the UN Falklands Debate in 1982.

/5...

5. Our relations have lost something of their even tenor since July. At the time of the rioting, the Sri Lankan Government asked Britain informally for military assistance. Their requests were turned down to avoid British involvement in communal strife. The President was to have paid a State Visit to Britian last month, but he cancelled it in August.

6. The Sri Lankans have more recently requested British assistance in counter terrorism training. A confidential visit to Britain for four senior Sri Lankan officers is being arranged. But instead of meeting a Sri Lankan request for a British Army training team to go to Sri Lanka, we are suggesting that private consultants might be engaged.

7. Our High Commissioner in Colombo recently informed President Jayewardene of a further £10 million aid grant for Victoria Dam (our major £100 million aid project due for completion in late 1984) and took the opportunity to urge the need for a policy of communal reconciliation. The Secretary of State saw Mr Hameed (Sri Lankan Foreign Minister) in New York in September and Mr de Mel (Finance Minister) in London on 13 October. Ministers expressed support for the continued unity of Sri Lanka and the hope that a peaceful settlement could be achieved through dialogue and reconciliation within the democratic framework of the country. It is in our interest that such a policy should succeed to ensure internal stability and reduce opportunities for external interference.

Indian interests

8. The July riots provoked a strong reaction in Tamil Nadu, South India. Fearful of a refugee influx, Mr Rao and later Mr Parthasarathy (Mrs Gandhi's special emissary) visited Colombo for talks with the President and Mr Amirthalingam in an effort to promote reconciliation.

/However

However, the Sinhalese community is deeply suspicious of Indian designs, and resentful of attempts at mediation, despite Indian Government assurances of support for the integrity of Sri Lanka. Mr Parthasarathy called on Lady Young on 19 September to explain his mission and to ask us to encourage President Jayewardene towards a policy of reconciliation. He hoped to pay a further visit to Sri Lanka in October, but has not been able to do so in the absence of an invitation from the President.

10. We wish to keep in close touch with the Indian Government whose efforts may be the only long term hope of a settlement. But although the Indians welcome our pressure on the Sri Lankan Government; they have also advised against any training or assistance to the security forces. They see their own role as paramount.

11. On 21 October, Sir J Bullard held talks in Delhi to explain
A our position, and to urge the Indians to influence the Tamil leaders in the direction of moderation. It was clear from the
B discussions that the Indians remain deeply concerned about the possibility of further violence and argued the need for Mr Parthasarathy to return to Sri Lanka.

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TELEGRAM NUMBER 577 OF 12 OCTOBER
INFO PRIORITY COLOMBO AND WASHINGTON

COLOMBO TEL NO 305 TO FCO. SRI LANKA

1. NOW THAT SIR JOHN NICHOLAS HAS SPOKEN TO PRESIDENT JAYEWARDENE, WE THINK IT WOULD BE USEFUL FOR YOU TO FOLLOW UP WITH PARTHASARATHY AND/OR RASGOTRA. WE ARE IN FAVOUR OF MAINTAINING THE DIALOGUE WITH THE INDIANS ON SRI LANKA ALTHOUGH WE MUST BE VERY CAREFUL NOT TO LET THEM THINK WE ARE ACCORDING THEM A BEGIN UNDERLINING DROIT DU REGARD CEASE UNDERLINING ON UK/SRI LANKA RELATIONS.

2. ALTHOUGH IT WOULD SEEM BEST NOT TO SEEK A SPECIAL MEETING, YOU MIGHT TAKE THE NEXT AVAILABLE OPPORTUNITY TO SPEAK ALONG THE FOLLOWING LINES

(I) LADY YOUNG FOUND HER DISCUSSION WITH PARTHASARATHY ON 19 SEPTEMBER MOST USEFUL (FCO TEL NO 194 TO COLOMBO). THE PUS WAS ALSO GLAD TO KEEP IN TOUCH WITH RASGOTRA WITH THEIR MEETING ON 19 SEPTEMBER AND RASGOTRA'S TELEPHONE CALL ON 3 OCTOBER. WE HOPE THAT WE CAN CONTINUE TO KEEP IN TOUCH.

(II) SIR J NICHOLAS HAS NOW HAD THE OPPORTUNITY FOR A PRIVATE DISCUSSION WITH PRESIDENT JAYEWARDENE. HE EXPRESSED HMG'S SUPPORT FOR THE CONTINUED UNITY OF THE COUNTRY. HE ALSO SPOKE IN FAVOUR OF RECONCILIATION BETWEEN THE COMMUNITIES AND OUR HOPE THAT THE PROBLEMS COULD BE SOLVED PEACEFULLY AND DEMOCRATICALLY. HE SAID THAT WE BELIEVED THIS TO BE THE ONLY SENSIBLE APPROACH, AS THE TWO COMMUNITIES NEEDED TO COME TO TERMS WITH EACH OTHER AND NOT GO THEIR SEPARATE WAYS.

(III) PRESIDENT JAYEWARDENE GAVE HIS ACCOUNT OF RECENT EVENTS ALONG LINES WHICH WILL BE FAMILIAR TO THE INDIANS. HE DID NOT LAY ANY BLAME ON OUTSIDE INTERESTS. HE SAID THAT HE WAS

PREPARED TO HAVE FURTHER PRIVATE TALKS WITH AMIRTHALINGAM AND OTHER TAMIL LEADERS, BUT HE COULD NOT MEET THEIR DEMAND TO END THE BAN ON EELAM AS THIS WOULD SERIOUSLY PREJUDICE HIS OWN POSITION. HE SAID THAT IF TULF RENOUNCED THEIR SEPARATIST AIMS AND CAME TO THE CONFERENCE TABLE, HE WOULD BE PREPARED TO CONCEDE INCREASED POWERS FOR THE DCC'S AND EVEN SET UP LARGER PROVINCIAL COUNCILS IN LIEU OF THE DISTRICT COUNCILS.

(IV) WE RECOGNISE THE DIFFICULT SITUATION FACED BY BOTH SIDES AND SHARE THE INDIANS' CONCERN AT THE POSSIBILITY OF FURTHER VIOLENCE. IT IS CLEAR THAT THE GOVERNMENT WILL HAVE TO MAKE CONCESSIONS TO THE TAMIL COMMUNITY IF ANY LASTING ACCOMMODATION IS TO BE ACHIEVED. WE SHALL OONTINUE TO USE OUR INFLUENCE WITH THE GOVERNMENT IN THE DIRECTION OF RECONCILIATION

(V) AT THE SAME TIME PRESIDENT JAYEWARDENE HAS ONLY LIMITED ROOM FOR MANOEUVRE AND WILL NOT BE ABLE TO PURSUE SUCH A POLICY UNLESS TULF AND THE TAMIL LEADERS ARE THEMSELVES PREPARED TO ABANDON EELAM. MRS GAHDHI HAS EXPRESSED HER SUPPORT FOR THE CONTINUED INTEGRITY OF SRI LANKA. WE THINK PART OF THE SOLUTION TO THE PROBLEM THEREFORE WOULD BE FOR THE INDIAN GOVERNMENT TO USE ITS INFLUENCE WITH THE TAMIL LEADERS TO URGE THEM TOWARDS A RENUNCIATION OF THEIR SEPARATIST POLICIES.

3. IF ASKED ABOUT THE POSSIBILITY OF BRITISH MILITARY ASSISTANCE YOU SHOULD SAY WE HAVE LONG AND TRADITIONAL TIES WITH SRI LANKA AND SEE NO REASON TO ABANDON THESE LINKS. HOWEVER STRICTLY FOR THE INDIANS' PRIVATE INFORMATION WE HAVE ALREADY TURNED DOWN THE USE OF BRITISH TROOPS FOR INTERNAL SECURITY PURPOSES. (FOR YOUR OWN INFORMATION THE DISTINCTION SHOULD BE MAINTAINED BETWEEN THIS USE OF TROOPS AND POSSIBLE ASSISTANCE AGAINST EXTERNAL AGGRESSION BECAUSE OF THE EXISTENCE OF THE 1947 UK-CEYLON DEFENCE AGREEMENT, HOWEVER UNLIKELY IT MIGHT BE THAT WE WOULD EVER AGREE TO ITS IMPLEMENTATION.) YOU SHOULD ADD THAT WE RECOGNISE NONETHELESS THAT THE SRI LANKAN GOVERNMENT FACES A GENUINE TERRORIST THREAT WHICH FOR A VARIETY OF REASONS THEY FIND DIFFICULT TO HANDLE. WE ARE PREPARED TO CONSIDER WAYS IN WHICH OUR

ADVICE OR ASSISTANCE MIGHT BE HELPFUL AS WE WOULD IN THE CASE OF ANY OTHER FRIENDLY COMMONWEALTH GOVERNMENT.

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MR GIFFARD
MR DONALD

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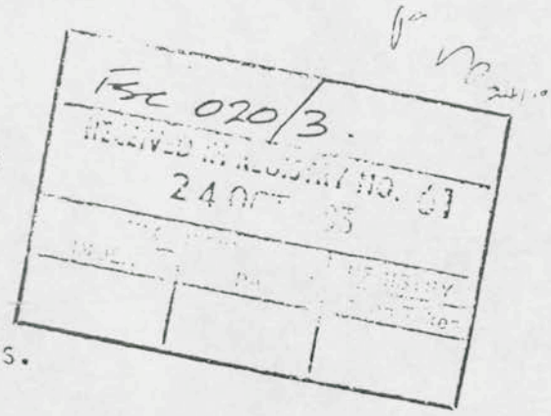
TO PRIORITY FCO
TELEGRAM NUMBER 733 OF 24 OCTOBER.

INFO PRIORITY COLOMBO AND ROUTINE WASHINGTON



YOUR TELNO 577 : SRI LANKA

1. THANK YOU FOR THESE HELPFUL INSTRUCTIONS.

2. SIR J BULLARD AND I WERE ABLE TO SPEAK TO RASGOTRA ON 21 OCTOBER, FIRST DURING A RESTRICTED SESSION OF HIS MEA TALKS AND AGIN OVER DINNER AT MY HOUSE. WE TOOK HIM THROUGH THE POINTS IN YOUR PARA 2 AND WERE NOT ASKED ABOUT THOSE IN YOUR PARA 3. RASGOTRA WAS GRATEFUL FOR OUR ATTITUDE AND FOR OUR READINESS TO KEEP IN TOUCH (SEMICOLON) AND HE WELCOMED OUR INTENTION OF CALLING ON PARTHASARATHY NEXT DAY. HIS MAIN COMMENT WAS THAT - THE BEST IF NOT ONLY WAY FOR THE INDIANS TO EXERT PRESSURE ON THE TULF WAS VIA PARTHASARATHY, WHOSE EARLY RETURN TO SRI LANKA WAS THEREFORE OF GREAT IMPORTANCE. BUT PRESIDENT JAYEWARDENE SEEMED TO BE DRAGGING HIS FEET ON THAT. WAS THERE ANYTHING WE COULD DO TO HURRY HIM UP ? AS THINGS STOOD THERE WAS A REAL DANGER OF A FURTHER EXPLOSION AT ANY MOMENT. JAYEWARDENE SEEMED TO BE HINTING THAT AN ACCEPTABLE SUBSTITUTE FOR A SECOND PARTHASARATHY VISIT WOULD BE TALKS BETWEEN HIMSELF AND MRS GANDHI IN THE MARGIN OF THE CHGM NEXT MONTH. BUT THAT WAS TOO FAR AHEAD AND IN ANY CASE THE INDIANS WERE FAR FROM SURE THAT JAYEWARDENE WOULD REALLY BE ABLE TO ATTEND.

3. BULLARD AND I PROMISED TO REPORT WHAT HE HAD SAID.

4. SINCE PARTHASARATHY WAS UNABLE TO ATTEND MY DINNER ON 21 OCTOBER, I TOOK BULLARD TO PAY A COURTESY CALL ON HIM ON 22 OCTOBER. THIS PROVIDED A CONVENIENT OCCASION TO TAKE HIM TOO THROUGH THE POINTS IN YOUR PARA 2 (SEMICOLON) AND ONCE AGAIN WE WERE NOT ASKED ABOUT YOUR PARA 3. PARTHASARATHY COMMENTED THAT THE SITUATION WAS DEEPLY WORRYING. THE PARTIES SEEMED TO BE GOING ROUND IN CIRCLES. A NEW DIFFICULTY HAD BEEN ADDED BY THE AFFAIR OF THE LETTER FROM AMIRTHALINGAM'S SON AND HIS ALLEGED LINKS WITH TERRORISTS . KNOWING THE BOY, HE HIMSELF THOUGHT THE ALLEGATIONS ABSURD. BUT AMIRTHALINGAM NOW FEARED THAT THEY MIGHT BE USED AS AN EXCUSE FOR ARRESTING HIM IF HE CALE TO COLOMBO FOR TALKS WITH JAYEWARDENE. AS REGARDS EELAM, THIS COULD NOT

CONFIDENTIAL /FORMALLY

FORMALLY BE ABJURED AS AN OBJECTIVE BY THE TULF LEADERS, WHO HAD BEEN ELECTED ON AN EELAM PLATFORM. IN PRACTICE, HOWEVER, THEY WERE WILLING TO MAKE CLEAR THAT THEY WERE READY TO TALK WITHOUT PRECONDITIONS (SEMICOLON) AND MOREOVER TO TALK ON THE BASIS OF AN AGENDA - THE 10 POINTS WORKED OUT DURING HIS AUGUST/SEPTEMBER VISIT TO THE ISLAND - ON WHICH EELAM DID NOT FEATURE. IN GP'S VIEW, A SETTLEMENT BASED ON SOMETHING LIKE THOSE 10 POINTS SHOULD NOT BE TOO DIFFICULT TO WORK OUT ONCE TALKS COULD BE GOT GOING. SEVEN OF THE POINTS WERE ACCEPTABLE TO JAYEWARDENE AS THEY STOOD (SEMICOLON) AND THE OTHER THREE WERE CLEARLY NEGOTIABLE (ONE PROPOSED TO LINK LOCAL GOVERNMENT ORGANS IN THE TAMIL NORTH WITH THOSE IN THE TAMIL EAST (SEMICOLON) ANOTHER DESCRIBED SRI LANKA AS A UNION OF STATES (SEMICOLON) AND THE THIRD REFERRED TO ''STATE COURTS''). BUT SPEED WAS ESSENTIAL . ANOTHER EXPLOSION COULD OCCUR AT ANY TIME. THE EASTERN AREA ROUND TRINCOMALEE WAS A PARTICULAR DANGER SPOT, WHERE THE SRI LANKAN AUTHORITIES WERE TRYING TO ALTER THE DEMOGRAPHIC BALANCE (70 TO 30 IN THE TAMILS' FAVOUR ON AVERAGE AND MUCH MORE IN SOME AREAS) BY DEPORTATIONS ON SPECIOUS SECURITY GROUNDS. IF THIS WENT ON THE TAMILS WOULD RESIST. IT WAS PLAYING INTO THE HANDS OF THE TERRORISTS.

5. BULLARD AND I ASKED WHETHER AND WHEN GP EXPECTED TO PAY ANOTHER VISIT TO SRI LANKA (SEMICOLON) AND WHETHER SUCH A VISIT SHOULD IN HIS VIEW PRECEDE OR FOLLOW THE OPENING OF TALKS BETWEEN JAYEWARDENE AND THE TULF ON THE LINES HE HAD SKETCHED OUT. HE REPLIED THAT HIS VISIT WOULD HAVE TO COME FIRST. THERE WAS NO CHANCE OF THE TULF LEADERS COMING TO THE TABLE BEFORE HE RETURNED. JAYEWARDENE HAD PROMISED TO BE IN TOUCH WITH MRS GANDHI ABOUT THIS VISIT AS SOON AS SHE RETURNED FROM NEW YORK. BUT SHE HAD NOW BEEN BACK MORE THAN TWO WEEKS AND HAD HEARD NOTHING. THE EXTREMISTS IN JAYEWARDENE'S PARTY HAD CLEARLY GOT AT HIM. IT WOULD BE UNDIGNIFIED FOR INDIA TO RE-OPEN THE SUBJECT BEFORE HE DID. BUT THERE WERE RUMOURS THAT JAYEWARDENE MIGHT BE SENDING SOME MESSAGE ON 25 OCTOBER. LIKE RASGOTRA, GP ADDED THAT THE IDEA OF LEAVING THINGS UNTIL THE CHGM WAS A HOPELESS ONE (SEMICOLON) THE DATE WAS NOT SOON ENOUGH, JAYEWARDENE MIGHT NOT IN THE EVENT COME AND EVEN IF HE DID THERE WOULD BE NOT TIME ON SUCH AN OCCASION FOR MAJOR BILATERAL DISCUSSIONS.

6. IN CONCLUSION PARTHASARATHY SAID THAT THE INDIANS' POLICY WAS BASED ON TWO PRIME CONSIDERATIONS. FIRST, THEY WOULD NOT TAKE ANY REFUGEES. SECOND, THEY FELT UNDER AN OBLIGATION TO HELP THE SRI LANKAN TAMILS TO NEGOTIATE. THE TULF LEADERS WERE SERIOUSLY LACKING IN SELF-CONFIDENCE (SEMICOLON) AND EVEN AGREEING

CONFIDENTIAL /TO COME

TO COME TO THE TABLE WOULD INVOLVE EATING A LOT OF THEIR OWN WORDS. WITHOUT INDIAN HELP, INCLUDING HIS OWN PRESENCE, THEY COULD NOT BE EXPECTED TO MOVE AT ALL.

7. BOTH RASGOTRA AND PARTHASARATHY READILY ACCEPTED THE NEED TO MAINTAIN MAXIMUM DISCRETION OVER OUR CONTINUING CONTACTS ON THIS DELICATE SUBJECT.

WADE-GERY

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PS
PS/LADY YOUNG
PS/MR WHITNEY
PS/PUS
SIR J BULLARD
MR GIFFARD
MR DONALD

THIS TELEGRAM
WAS NOT
ADVANCED

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS,
MR NARISIMHA RAO: 1-4 NOVEMBER 1983

BRIEF NO 16: INDIA/PAKISTAN RELATIONS

POINTS TO MAKE

1. Welcome your views on current state of relations. Prospects for Joint Commission?

2. (Defensive) noted recent exchanges with Pakistan on unrest in both countries. No wish to become involved in bilateral matters.

Nuclear Testing Moratorium (if raised)

3. Welcome your conclusions on idea of moratorium between India and Pakistan.

South Asian Department
24 October 1983

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS,
MR NARASIMHA RAO: 1-4 NOVEMBER 1983

BRIEF NO 16: INDIA/PAKISTAN RELATIONS

ESSENTIAL FACTS

1. An accident-prone relationship, where deep-rooted and irrational distrust on both sides hinders progress towards rapprochement. Major irritants include the unresolved dispute over Kashmir and the nuclear issue (see below). The Soviet presence in Afghanistan and US support for Pakistan are further complications.

2. Two years of tentative moves towards relaxation led to the first session of a Joint Commission in Islamabad in June. The two delegations were led by Foreign Ministers Rao and Yaqub Khan, but the Commission concentrated on technological, consular and commercial questions and avoided more contentious bilateral trade problems. Nor was any substantive progress made in narrowing the gap between the Indian proposal of a 'Friendship Treaty' and the Pakistani proposal of a 'No-War Pact'. The next round of Foreign Minister talks are expected to be held in December 1983 - January 1984.

3. Relations have suffered a setback since Rao and Mrs Gandhi made public statements in August on the unrest in Sind and the Pakistan's people's 'struggle for their rights'. The Pakistanis made a formal protest to the Indian Ambassador in Islamabad. The Pakistan Ambassador in London called on Lady Young on 5 September to ask us to intervene. Lady Young declined, saying that we did not wish to be involved in bilateral differences. Since then Mrs Gandhi has continued to make comments about the situation in Sind, and Zia has hinted darkly that 'a foreign hand' has been helping to create unrest in Sind. For their part, the Indians have accused Pakistan of supporting Sikh extremist activities in the Indian state of Punjab.

/Proposal

Proposal for an Indo-Pakistan Nuclear Moratorium

4. There is reliable evidence that Pakistan, which has not signed the Non-Proliferation Treaty (NPT), is trying to develop a nuclear weapons capability. The Americans have received assurances, public and private, from President Zia that Pakistan's nuclear programme is for exclusively peaceful pursposes. We have as yet little evidence of a slow down in the Pakistan programme, although they still have a considerable way to go before developing a nuclear capability.

5. In May, following agreement with the Americans, Sir R Wade-Gery approached the Indian Foreign Secretary (PUS), Rasgotra, to broach the idea of a nuclear testing moratorium between India and Pakistan. He said, if the Indians responded positively, we would consider how best to approach Pakistan. Our intention is that this approach should be made by the Americans, but this has not been mentioned to the Indians.

6. On 19 September, Rasgotra told the PUS that the Indian Government were still reviewing the proposal. He emphasised India had no plans to test a device and that Pakistan knew this. The UK and India should keep in touch.

7. In September, Mrs Gandhi told the press in New York that India had no nuclear weapons and did not intend to acquire any. This went no further than earlier Indian statements. Mrs Gandhi did not say that India would not test a nuclear device (in 1974 India exploded a 'peaceful nuclear device' in Rajasthan). The Americans have recently obtained evidence (of which we have no independent knowledge) of activity at the Indian test site in Rajasthan which might indicate a wish to reduce the lead time should the Indian Government decide to carry out a test. The Americans

/have

have told the Indians what they know and suggested that they take steps to allay the suspicions this activity might arouse. The Americans, who have not informed governments other than ourselves, intend to follow up soon with the Indians.

South Asian Department
24 October 1983

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS,
MR NARASIMHA RAO: 1-4 NOVEMBER 1983

BRIEF NO. 17: INDIAN OCEAN (IOPZ AND DIEGO GARCIA)

POINTS TO MAKE

1. When considering Indian Ocean cannot ignore Soviet military presence in hinterland - Afghanistan/Horn of Africa.

Indian Ocean Peace Zone (IOPZ)

2. Doubt whether conference on IOPZ would help to resolve problem of Soviet presence; could prejudice legitimate defence interests of littoral and hinterland states which are innocent victims of conflicts.

3. Still no agreement on what IOPZ would mean in practice. Views as far apart as ever. Until greater agreement, premature to set date for conference on IOPZ.

Diego Garcia

4. Soviet military presence in Indian Ocean with its proximity to the Gulf threatens vital Western oil routes. Events in Horn of Africa and the Middle East reinforce Western concerns. Hence need for Western naval presence and US naval support facility on British Indian Ocean Territory (BIOT) Island of Diego Garcia.

5. Regret NAM communiqué singled out Diego Garcia while ignoring Soviet bases (Aden and Socotra in PDRY and Dhalak in Ethiopia) and made unrealistic demand for early 'return' of Diego Garcia to Mauritius.

6. HMG has no doubts about its claim to sovereignty over Diego Garcia. We have told the Mauritian Government that when Diego Garcia is no longer required for defence purposes it will be ceded to them.

Arms Control and Disarmament Dept/East
African Department

26 October 1983

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS
MR NARASIMHA RAO: 1-4 NOVEMBER 1983

BRIEF NO. 17: INDIAN OCEAN (IOPZ AND DIEGO GARCIA)

ESSENTIAL FACTS

Indian Ocean Peace Zone (IOPZ)

1. IOPZ idea dates from a UN resolution proposed by Sri Lanka in 1971. We abstained, in part because of the implications for naval activities in the region. Diego Garcia is a prime consideration.

2. IOPZ enjoys wide support among the NAM. UK joined the UN Ad Hoc Committee in 1979 and have pursued a policy of constructive criticism designed to maintain our relations with regional states while ensuring that no new constraints are put on our naval forces.

3. There are recent indications that India - the proposal's main proponents - may be less active in support of IOPZ.

Diego Garcia

4. In 1965 the Chagos Archipelago, including Diego Garcia, was detached from Mauritius (a British colony from 1814 until independence in 1968) - with the full agreement of the Mauritian Government - to form the British Indian Ocean Territory (BIOT). We have told the Mauritian Government that when Diego Garcia is no longer required for defence purposes it will be ceded to them.

5. The Indians regard Diego Garcia as an 'offensive western base' and they suggest that it was planned prior to the Soviet naval build-up in the Indian Ocean. RN ships visiting the base may not subsequently visit India.

6. Since the Soviet invasion of Afghanistan, the US has increased its naval assets in the Indian Ocean. Diego Garcia is vital for

/supplying

supplying the Rapid Deployment Force and 17 US pre-positioned ships with armoured vehicles, arms, ammunition, oil and water, lie in its lagoon. Port facilities have been developed and the airstrip is being improved. (However, there are at present no plans to fly B52's into Diego Garcia). Consideration might be given in the future by the Americans for Diego Garcia to become a forward-operating base for the RDF, but the main drawback would be its considerable distance from the Gulf.

7. Mauritius has laid claim to the island. The Mauritians raised the issue at the NAM Summit in March and Diego Garcia was singled out as the only military base in the ocean while Soviet facilities (eg at Aden and Socotra in the ODRY and at Dhalak in Ethiopia were ignored). The communiqué supported the Mauritian claim to sovereignty over the Chagos Archipelago and coupled with it an unrealistic demand for the 'early return of Diego Garcia'. The Mauritians subsequently told us that they would pursue their claim in a low key fashion. At the UN General Assembly in September the Mauritian Prime Minister asserted the Mautitian claim to Diego Garcia in moderate and measured terms. This was the minimum consistent with mainteneance of their claim and was in keeping with their new low key approach to the problem. Surprisingly, and gratifyingly the issue of the Mauritian claim was not mentioned in the NAM communiqué at the end of their meeting at the UNGA from the 4th to 7th October.

8. Given Soviet land and naval forces in and around South West Asia the Americans attach great importance to Diego Garcia. We incur both international and domestic criticism on their behalf, but in the interests of the wider Anglo-US defence relationship Diego Garcia remains an important card in our hand.

Arms Control and Disarmament Department/East
African Department

26 October 1983

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS
MR NARASIMHA RAO : 1-4 NOVEMBER 1983

BRIEF NO 18: INDIA/UK BILATERAL

POINTS TO MAKE

GENERAL

1. Relations excellent. Welcome this opportunity to hear Indian views on major issues. Good meeting between Prime Minister and Mrs Gandhi on 30 September. Looking forward to visit of Defence Minister, Mr Venkataraman, 6-10 November. Understand arrangements going well for visit by the Queen, 17-26 November.

Trade/Aid

2. Welcome opportunity for joint review of trade prospects at Indo-British Economic Committee next January (Secretary of State for Trade and Industry to chair jointly with his Indian opposite number).

3. (Durgapur Steel plant). Glad to hear plans to modernise Durgapur. UK glad to consider financial support for British Steel Corporation participation including aid from regular aid programme or mixed funding.

4. (Rihand Super Thermal Power Station - only if raised). Understand an inter-governmental review of progress took place in October. Outstanding difficulties have been resolved.

5. Aid relations excellent. Hope aid underspend in 1983/84 can be avoided.

Defence Sales

6. Delighted with agreement to purchase Sea King helicopters and Sea Eagle missiles. Understand consultations about future

/collaboration

collaboration on Light Combat Aircraft (LCA) going well: proposals recently put forward by British Aerospace/Rolls Royce. Hope we can soon make progress on general defence collaboration Memorandum of Understanding.

Immigration (if raised)

7. HMG committed to firm immigration control.

8. Immigration rules introduced on 16 February 1983 enable all British citizen women to be joined in UK by their husbands and fiances.

9. HMG unable, at time of economic difficulty and high unemployment, to increase quota for UKPH of East African origin wishing to settle in UK.

Sikh 'Extremists' in UK

10. Understand your concerns about dissident activities abroad. HMG firmly committed to integrity of India. Absurd for anyone to suggest HMG would encourage or support activities of Sikh extremists.

11. British tradition of free speech, free association and free press guarantee right to all to express views provided within law. If Sikh extremists break law will be dealt with accordingly. Example, court action against those who demonstrated outside Indian High Commission in July 1982.

OFFICIAL VISIT OF INDIAN MINISTER OF EXTERNAL AFFAIRS
MR NARASIMHA RAO : 1-4 NOVEMBER 1983

BRIEF NO 18: INDIA/UK BILATERAL

ESSENTIAL FACTS

1. Relations in past 2-3 years better than for some time past. India major export market for UK. Several major industrial projects. Recent defence sales successes. Close rapport between Prime Minister and Mrs Gandhi. Prime Minister visited India April 1981. Mrs Gandhi visited UK for inauguration of Festival of India March 1982. Two Prime Ministers met briefly September 1982, New Delhi, and 30 September 1983, New York.

2. Following inward visits are in prospect: Indian Defence Minister Mr Venkataraman, 6-10 November; Mr Gadgil, Minister of State for Communications, 1-2 November.

3. Mr Kenneth Baker, Minister for Information Technology, DTI, visited India from 5-8 September. Mr Waddington, Minister of State, Home Office, visited India from 16-24 and 27-30 September. Lady Young will probably visit India in early 1984. The Secretary of State for Trade and Industry has agreed to visit India in January 1984 to attend the next Indo-British Economic Committee meeting.

4. The Queen will visit India from 17-26 November and will be present at the opening of CHOGM. The Prime Minister and the Secretary of State will attend CHOGM, but the Secretary of State will have to leave a day or two early (the Indians are aware of this).

Indian Internal Situation

5. Mrs Gandhi has ruled India since 1966, except for the period March 1977 - January 1980. She returned to power for a five-year term in January 1980. Mrs Gandhi rules in an autocratic and personalised manner, relying on a small group of advisers including her one surviving son, Rajiv.

/6.

6. 1983 has been a difficult year for Mrs Gandhi. In January, her party - Congress (I) - was badly beaten (in elections in the southern states of Andnra Pardesh and Karnataka), two former strongholds. Congress (I) did somewhat better later in the year in elections in Delhi, and Jammu and Kashmir, but the party's performance must still give Mrs Gandhi much cause for concern. She has sought to revitalise both her party and the Government by a series of personnel changes. Her son, Rajiv, whose political importance has increased steadily since his brother's death in June 1980, was appointed one of the party's five General Secretaries, with special responsibility for organisational matters.

7. The authority of Mrs Gandhi's government and of her party has also been challenged by persistent demands for greater regional autonomy. In Assam, elections in February were marked by widespread violence and many deaths. In Punjab, the extremist fringe of the Sikh opposition party, the Akali Dal, have resorted to violence in pursuit of demands for greater autonomy, economic concessions and privileges for the Sikh religion. This violence compelled the Government to introduce President's (central) rule in Punjab early in October, and to suspend the Congress (I) state government. The recent violence in Sri Lanka has also agitated Tamils in South India. Nonetheless, although these movements present a political and public order problem, there is no real threat to the integrity of the Indian state.

8. Mrs Gandhi must call a general election by January 1985. There has been speculation that she might call an early election, perhaps in the first half of 1984. At present, the opposition parties do not offer a coherent alternative, though several have recently coalesced into two major alliances and efforts continue to form a united front against Mrs Gandhi's party. She might therefore prefer to wait in the hope their unity efforts collapse, and use the time to strengthen her party and enhance Rajiv's position. Present trends suggest however that whenever the election takes place Congress (I) would win a reduced number of seats in the next Parliament. Congress, even at the height of its popularity, has never won more than 46% of the votes in a

/general

general election. It cannot therefore be assumed that Mrs Gandhi will still lead the Indian Government fifteen months hence.

UK Trade/Aid

9. India is important to Britain as an export market. Trade figures are as follows:

£m

	1977	1980	1981	1982	1983 Jan-August
UK imports cif	383	316	294	379	230
UK exports fob	278	529	639	805	509
	-105	213	345	426	279

The Indian export figures for 1982 were exaggerated by the return of loaned Jaguars valued at £33.5m; the underlying Indian export performance to the UK has been fairly static.

10. In response to Indian pressure and as agreed at the Indo-British Economic Committee (IBEC) meeting in June 1982, £296,000 bilateral aid over three years is being provided to assist India improve its export marketing techniques. Trade issues will be discussed at IBEC in January 1984, co-chaired by the Secretary of State for Trade and Industry.

11. British companies have won or are pursuing valuable contracts for large scale projects in India. These include:

(a) Rihand Super Thermal Power Station. The contract was signed following a package deal with Mrs Gandhi in March 1982. Its execution ran into difficulties and fell behind schedule. An inter-governmental review of progress which took place in the UK from 6-14 October at official level, successfully resolved the major outstanding difficulties.

(b) Durgapur. The Indians are considering modernisation of this steel plant, built by the UK in the late 1950s. The total

/project

project cost over 5 years would be £577m (imported element £410m). It is hoped that a decision will be made in time for the meeting between the two Prime Ministers in November. Aid support would be available for a bid by a UK consortium to be led by British Steel.

12. Possibilities for other major projects include:

(i) The provision of a captive power plant for the Bharat Aluminium Company (BALCO) at a cost of about £190m (£148m UK content), under a mixed credit including £21m tied capital aid and £24m local costs aid from the regular aid programme to India. We hope contracts will be signed by the end of this financial year;

(ii) We have offered to consider allocating £103m tied capital aid and £50m local costs over 5/6 years from the regular aid programme to India for a smelter and captive power plant for the Hindustan Zinc Company. We hope the Indian Government will decide whether to go ahead by end 1983.

(iii)Plessey have entered two highly competitive bids for the supply of rural telephone exchanges (UXD5) and private branch exchange telephone equipment. One is against a World Bank financed tender call and the second, for which bilateral aid would be available, is a package offer.

13. The level of British aid for 1982/83 and 1983/4 was agreed between Mrs Gandhi and the Prime Minister in 1982 at £105m and £110m respectively. The Indians are aware of a possible underspend this year and efforts are being made to meet the target. Up to £50m a year can be used to meet local costs; the rest is tied to British goods and services. The bulk of the programme consists of financial aid for projects or the purchase of equipment, but a proportion is spent on technical cooperation including training in the United Kingdom.

14. The aid programme includes projects of industrial importance to both India and the United Kingdom, such as the Rihand Power Station and its coal mine. This is Britain's largest aid project worldwide in financial terms (£147.5m aid including technical cooperation). Other projects are in coal, power, railways, oil and fertiliser

/sectors.

sectors.

Defence Sales

15. Over the past two years, there has been a major change in India's policy of defence equipment purchases. India now looks less to the Soviet Union and more to Europe as a major supplier. There have been several Ministerial, Service and civilian visits both to and from India. In July, the Sea King/ Sea Eagle contract valued at £240m was signed. The Sea Harrier and the Sea King were demonstrated in Bombay during the visit of the task group led by HMS Invincible in October.

16. The 1979 contract for 8 Sea Harriers encountered difficulties with engine development. These have been resolved, but there are still some problems with pilot training.

17. In the immediate future, attention likely to be focussed on a proposed general Memorandum of Understanding on defence collaboration. We have just delivered a revised draft to the Indians. The visit to the UK of the Indian Defence Minister, Mr Venkataraman, on 6-10 November at the invitation of the Secretary of State for Defence, may provide an opportunity to reach broad agreement on the scope of the MOU with the Indians. Defence sales prospects include the Light Combat Aircraft (LCA) project on which BAe and Rolls Royce, have put proposals to the Indians for collabroation; a contract for the supply of a Combat Engineer Tractor; and the supply of 155 mm field guns.

Immigration

18. The present Governments commitment to tighten immigration control was reflected in revised Immigration Rules which came into effect

/on

on 1 March 1980 but which were replaced, following the introduction of the new Nationality Act, on 16 February 1983.

19. The revised Rules allow all women who are British Citizens to be joined in this country by husbands and fiances, subject to safeguards against the marriage being used primarily as a means to obtain admission to the United Kingdom. They will in particular benefit women of Indian descent, many of whom acquired their citizenship by registration, not having been born in the UK, and therefore could not be sponsors under the 1980 Rules.

20. A report by the Parliamentary Sub-Committee on Race Relations and Immigration (SCORRI), published in July 1982, concluded that immigration from the Sub Continent had fallen to a level where it was no longer a significant problem. The Government welcomed the report, but rejected the main recommendation that the admission of United Kingdom Passport Holders (UKPH) from India should be expedited.

21. There is an annual quota, currently 600, of special vouchers for settlement in the UK by eligible British Overseas Citizens in India (United Kingdom Passport Holder). Applications have exceeded the quota and a queue has developed, entailing waiting periods of up to 7 years. The Government has made clear that it cannot increase the quota at a time of economic difficulty and high unemployment.

Sikh 'Extremist' Activity in UK

22. Mr Rasgotra (Foreign Secretary - PUS equivalent) told Mr Whitney, on 15 August that 'political circles' in Delhi (by implication Mrs Gandhi and her advisers) were beginning to believe that the Khalistan movement, which demands the creation of an independent Sikh homeland in India, was operating "with direction and support from Washington and other European capitals". Mr Rasgotra's suggestion, though preposterous, reflects Mrs Gandhi's genuinely-held concerns about foreign support for extremist groups in India.

23. The demand for a separate Sikh homeland, Khalistan, which dates back at least to 1946, is espoused by a very small number of Sikh extremists in India and abroad. Recent revival of the demand

has coincided with an increasingly bitter struggle for power in the Punjab between Congress (I) and the main Sikh political party, the Akali Dal, which demands greater autonomy for a Sikh-dominated Punjab. This overlapping of the minority demand for Khalistan and and demands of the Akali Dal in Punjab, both of which appear to strike at the integrity of India, accounts in large measure for the strong reaction of the Indian Government.

24. Dal Khalsa, the organisation behind the demand for Khalistan, was founded in 1978. It has at most a few hundred members in India and abroad. The leadership comes primarily from Sikhs settled outside India in the US, Canada and Western Europe, including Britain. Dal Khalsa is proscribed in India where members of the organisation have been responsible for a number of terrorist incidents.

25. In February this year a branch of Dal Khalsa was formed in London. The branch has stated that it intends to be law-abiding. Dr Jagjit Singh Chauhan, a former Punjab Finance Minister, an ex-General Secretary of the Akali Dal and a prominent leader of the Khalistan movement, has lived in the UK, where he is now resident, and the US since the late 1960s. Chauhan, at least until recently, styled himself "President of Khalistan". In July 1982 Chauhan and two others were arrested during a demonstration outside the Indian High Commission in which the Indian flag was burned. Chauhan was found not guilty of insulting behaviour under the Public Order Act 1936, but the two other Sikhs were fined, ordered to pay costs, and conditionally discharged for 3 years. The Indian Government have expressed concern at Chauhan's activities in the UK, most recently in October 1982.

South Asian Department
27 October 1983

10 DOWNING STREET

John 14.

Protocol section (FCO) rang to say that the Indian Minister for External Affairs will be bringing a small present for the PM during his visit on Nov 2nd (16.30hrs)

Steve

14/10/83

Foreign and Commonwealth Office

London SW1A 2AH

22 August, 1983

Prime Minister:
Agree to see Mr Rao?
24/8

Dear Tim,

Visit of Indian Minister of External Affairs

The Indian Minister of External Affairs, Mr Narasimha Rao, has accepted an invitation to visit the UK as a guest of Government to attend the ceremony on 2 November at which HM The Queen will unveil a statue of Earl Mountbatten of Burma. Mr Rao will attend the subsequent reception in the Banqueting House and the luncheon at Buckingham Palace.

A detailed programme has not yet been arranged. But we expect Mr Rao to arrive in London on 1 November and to leave late on 3 November or on 4 November. Sir Geoffrey Howe will hold official talks with him and host a lunch in his honour on 3 November.

Mr Rao has been Foreign Minister since January 1980 and called on the Prime Minister during his last official visit to the UK in November 1981. Since then, our relations with India have continued to improve, as evidenced most recently by the £250 million contract awarded to Westlands and British Aerospace to supply Sea King helicopters and Sea Eagle missiles. We have also been seeking a closer political dialogue with the Indian Government. It would therefore seem appropriate for Mr Rao to call on the Prime Minister during his forthcoming visit. The timing would be particularly opportune, some three weeks before the Commonwealth Heads of Government Meeting in Delhi.

I should be grateful to know whether a call of say 30 minutes by Mr Rao on the Prime Minister would be possible. I understand that the Prime Minister might be free at 9 am on 2 November before the unveiling ceremony. Other alternatives would be the afternoon of either 2 November or 3 November.

Yes

No

Yours ever

John Holmes

(J E Holmes)
Private Secretary

T Flesher Esq
10 Downing Street

10 DOWNING STREET

From the Private Secretary

26 August 1983

Thank you for your letter of 22 August about the forthcoming visit of the Indian Minister of External Affairs. The Prime Minister has agreed to see Mr. Rao at 1630 hours on 2 November. I should be grateful if you could arrange for briefing to reach this office by 31 October please.

(Timothy Flesher)

John Holmes, Esq.,
Foreign and Commonwealth Office

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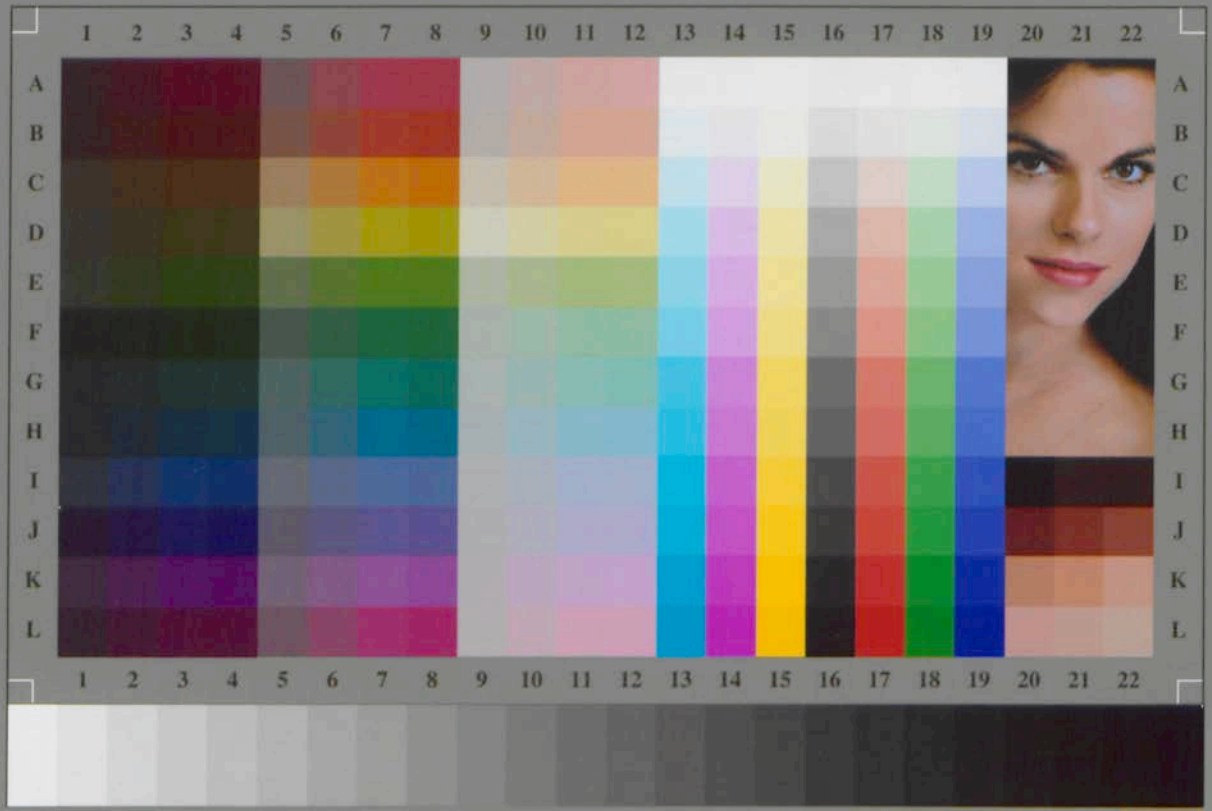

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