

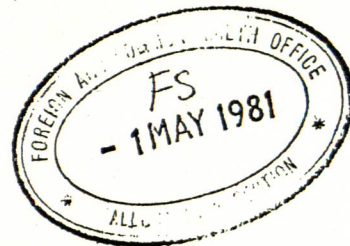


Prime Minister

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THE VISIT OF THE PRIME MINISTER TO INDIA: 15-19 APRIL 1981

SUMMARY

1. The visit was a real though not a spectacular success, confirming the special affinity between Britain and India. The culminating point of a campaign designed to influence Mrs Gandhi in our favour politically and commercially. The importance of presenting India with an alternative to the Soviet Union. An occasion to consult on world problems, explain UK policy on immigration and the Nationality Bill and enhance our commercial prospects. (Paras 1-4)
2. Mrs Gandhi's personal regard for the Prime Minister and determination to make the visit a success. Three-and-a-half hours of tête-à-tête talks with Mrs Gandhi illustrate the close rapport between the two Prime Ministers. The programme also enabled the Prime Minister to see something of modern India. (Paras 5-8)
3. The Prime Minister's three major speeches, culminating in a triumph in Bombay. Her press conference and TV interview dominated by the Nationality Bill, immigration and arms to Pakistan. The striking divergence between the content and tone of both Indian and UK press reporting and the talks themselves. (Paras 9-11)
4. 8 agreements record the significant advance in our commercial and industrial interests and suggest how we can move further forward. We may still get the steel contract. (Para 12)
5. India reassured that she has Western friends, and Britain's increased status here. The Prime Minister's personal achievement. (Paras 13 and 14)

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BRITISH HIGH COMMISSION
NEW DELHI, INDIA

29 April 1981

The Rt Hon The Lord Carrington KCMG MC
Foreign and Commonwealth Office
LONDON SW1

My Lord

THE VISIT OF THE PRIME MINISTER TO INDIA: 15-19 APRIL 1981

1. I have the honour to report that the Prime Minister, accompanied by Mr Denis Thatcher and Miss Carol Thatcher, paid an official visit to India from 15-19 April at the invitation of the Indian Prime Minister, Mrs Gandhi.

2. As I have commented in my tel No 423, the visit was a real though not a spectacular success. It did not change the policies of either side, but it did confirm that there is a special affinity between Britain and India and that both sides find it useful to consult each other on world problems. The exchanges did not contain any surprises - nor were they expected to; but the Prime Minister put across British, and more generally Western views on the key issues. In the long-run this may have a beneficial effect. Even in the short-run, the Indians felt reassured about the importance we attach to them and to consultations with them. Though the issue took up relatively little time in the official talks, the visit also provided the Prime Minister with several occasions to set out UK policy on immigration and the Nationality Bill. Finally, although we did not win the major prize of the coastal steel plant contract (but nor did we lose it) the conclusion of eight agreements provides a substantial basis for the further consolidation and expansion of British commercial interests in India.

/Background

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BACKGROUND

3. The idea of a visit by the Prime Minister first arose when Lord Greenhill (as Mrs Thatcher's special emissary) told Mrs Gandhi in September 1980 that the Prime Minister would welcome an opportunity to visit India the following year. Mrs Gandhi replied that the Prime Minister would always be welcome and confirmed this in a letter to Mrs Thatcher in October. Firm proposals for dates were put to the Indians at the end of December and agreed at the beginning of January. Meanwhile, we had benefitted from the Prince of Wales' highly successful tour in November and December, and the visit of the Secretary of State for Trade in January. The Prime Minister's visit thus came as the culminating point of a campaign designed to influence the Government of India and especially Mrs Gandhi in our favour both politically and commercially.

4. The international situation in the early months of 1981 gave added significance to the Prime Minister's visit and the exchange of views on major international issues. There was no chance of getting Mrs Gandhi overtly to change her attitude about Soviet objectives and tactics, whether in the narrow context of Afghanistan or more widely. But at a time of considerable uncertainty in India about the direction of US policy and particularly about the concept of "a security consensus from Pakistan to Egypt", it was important to respond to the Indian wish to maintain a balance in relations between East and West by presenting them with an alternative to the Soviet Union. Moreover, I believe our efforts may have led Mrs Gandhi to a more realistic view of European attitudes. At the same time, in a country where political considerations are a major factor in the award of commercial contracts, the importance of good government-to-government relations cannot be overstated - a point which is not lost on our French, German and Canadian competitors.

/Programme

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PROGRAMME

... 5. The Prime Minister's programme and that followed by Mr and Miss Thatcher are attached. In her arrival speech, the Prime Minister referred to her strong personal interest in India. She expressed the hope that the visit would open a new and still more fruitful chapter in the long relationship between the two countries. In the first of a number of departures from the norm, which underlined Mrs Gandhi's personal regard for the Prime Minister and her determination to make a success of the visit, Mrs Gandhi responded by making a speech of welcome herself. The businesslike nature of the visit is clearly illustrated by the amount of time set aside for talks with Mrs Gandhi and her Ministers, by the major speeches to Parliament and the Bombay Chamber of Commerce, and by the press conference and TV and radio interview. The programme also provided the Prime Minister with an opportunity to see something of modern India at work and to do a small amount of sightseeing, including some that was impromptu.

6. I recall especially the Prime Minister's visits to Bamnauli, to the Bharatiya Vidya Bhavan's Institute of Management Studies in Bombay on 17 April and to the Bhabha Atomic Research Centre (BARC) in Trombay the following morning. At Bamnauli, a village sponsored by the Indian Agricultural Research Institute, the Prime Minister saw an example of modern Indian village and rural life and repaid the warm reception accorded to her by announcing a gift of £2,000 for the construction of a community centre in the village. The welcome at Bamnauli was if anything surpassed by that accorded to her at the Bhavan, where upwards of 5,000 people attended the ceremony in which the Prime Minister laid the foundation stone for the new Institute. It was also an occasion for the renewal of old links as the Prime Minister had visited the Bhavan's London centre in November 1978. At BARC the Prime Minister saw some Indian achievements in advanced fields of nuclear research. The proposal

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for the visit to BARC came from Mrs Gandhi personally and the Prime Minister's acceptance of it as well as her knowledgeable interest in what she saw created a highly favourable impression.

7. The private talks with Mrs Gandhi were scheduled to last 45 minutes, but they continued for over one-and-a-half hours and the subsequent plenary session was reduced to one hour. The next day, the two Prime Ministers spent a further unscheduled two hours together, as a result of which the second plenary meeting was scrapped altogether. The three-and-a-half hours spent in tête-à-tête conversation (though the Indian Foreign and Commerce Ministers were summoned for part of the time) are the clearest illustration of the rapport and confidence established between the two Prime Ministers. The plenary session provided an opportunity for a wide-ranging discussion of international and bilateral questions. I will not repeat my reporting telegrams (Delhi tel No 417 and 418) but it is worth stressing that while the two Prime Ministers made their different positions clear, they did so in a way to attract sympathy rather than repel it. For example, I had not hitherto heard Mrs Gandhi denounce communism so plainly, while nevertheless showing understanding for Soviet fears of encirclement and praising consistent Soviet support for India in contrast to US attitudes. It is also worth reiterating that Mrs Gandhi declared that for India friendship with Pakistan was "a necessity" though that did not prevent her from criticising General Zia's regime and foreign policies.

8. Apart from her trenchant remarks in the plenary, the Prime Minister used the call by the Foreign Minister as another occasion for putting across British views on major issues, including Namibia and the Security Council. The meeting with a number of Congress (I) MPs on the afternoon of 16 April, at the special request of the Foreign Minister, provided the Prime Minister with a further opportunity for stressing that the existing rights of people

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permanently settled in Britain and of United Kingdom Passport Holders to come to Britain were not adversely affected by the Nationality Bill. She explained the four major amendments to the Bill and the difficulties caused by high unemployment in the UK. Separate meetings with the Finance and Commerce Ministers were used by them to stress their concerns over British aid and Indian exports to the UK. The Prime Minister drew attention to the advantages of the bid for the coastal steel plant put forward by the British-led consortium.

SPEECHES

9. The most important of the Prime Minister's several speeches were a stage-setting one at the banquet given in her honour by Mrs Gandhi, a major address on international issues and bilateral relations to the Indian Parliament and another on economic and commercial questions to the Bombay Chamber of Commerce and Industry. The banquet speech dwelt on the close ties between the United Kingdom and India; the Prime Minister paid tribute to the contribution which Britons of Indian origin were making to our society and underlined her determination that all British citizens whatever their background and origin should live together in peace and harmony. In her speech to Parliament the Prime Minister returned to this theme. She emphasised that the Nationality Bill did not discriminate against any racial or national group and did not affect adversely the position under Immigration Law of anyone settled in the United Kingdom. The major part of the speech was on international issues. The Prime Minister explained our policies on a variety of subjects. The Communist MPs boycotted the occasion. Most of the audience will have had Brezhnev's parallel oration last December in mind. Several MPs commented to me that the Prime Minister's had been received a good deal more sympathetically. That was also my impression. Mrs Gandhi again broke with precedent in making a brief speech herself, which though not particularly

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constructive was taken as a mark of her regard for Mrs Thatcher. The latter's speech in Bombay, in which she analysed the international economic situation, spoke of Britain's ability to contribute to international prosperity by keeping our markets open, underlined the scope for an expansion of bilateral trade and set out a number of areas in which Indo-British cooperation could develop, received a standing ovation. It was a triumph. There is little prospect that the Government of India will respond to the idea of restricting itself to providing the framework and letting industry get on with the job, though if they did the result would be a dramatic improvement in the Indian economy.

10. In addition to these speeches, the Prime Minister held a major press conference in Delhi and gave an interview to Indian radio and television. She also briefed the party of British journalists accompanying her. The press conference and television interview were dominated by questions about the Nationality Bill, immigration and the question of arms to Pakistan. On each of these issues the Prime Minister set out clearly the Government's policy and dispelled misconceptions. Other questions enabled the Prime Minister to state clearly that we did not and would not regard the presence of Soviet troops in Afghanistan as normal; that we would like to strike a military balance with the Soviet Union at a lower level of armaments, provided this could be monitored and verified; and that a Rapid Deployment Force, if created, would only be used if requested by states concerned and was not conceived only in the context of the Gulf. She strongly rejected suggestions that there was a parallel between demands for a Soviet withdrawal from Afghanistan and an Anglo-American withdrawal from Diego Garcia.

PRESS COVERAGE

11. Press and television coverage of the visit was extensive. The Prime Minister's public statements and her discussions with Mrs Gandhi occupied much space on the front pages and in the

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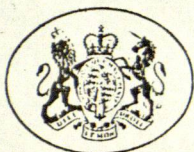
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editorial columns of the English and vernacular press, both in Delhi and the other major cities. Differences between the two sides over the supply of arms to Pakistan, Afghanistan, great-power presence in the Indian Ocean, British "protectionism" and the Nationality Bill had been widely predicted and therefore became the focus of press attention, both here and in Britain. I cannot recall a major visit in which there was such a divergence between the content and tone of press reporting and of the talks themselves. Even though both Mrs Gandhi and the Prime Minister went to some pains in briefing the British press to dispel any notion of acrimony in their talks, an impression of serious disagreement was given by much of the Indian and British press - the one was as bad as the other. This contrasted sharply with the clear determination of both sides throughout the talks not to push points of difference. There was, however, some evidence that the MEA spokesman wanted to get it across that the Indians had spoken firmly about the Nationality Bill. On the economic side, full coverage was given to the various documents signed during the visit and to the announcement of £91.9 million aid for the Thal fertilizer plant and other projects. Indian newspaper readers had clearly set out for them Britain's position as India's leading aid donor and third most important trading partner. Moreover, editorial comment, with one or two exceptions, particularly a hostile piece in the Times of India on 18 April, was noticeably more balanced than much of the factual reporting. The general impression given was that though differences inevitably existed between two nations geo-politically so far apart, the frank exchange of views between the two Prime Ministers had been useful. It was widely acknowledged that some misunderstandings about British policy, in particular the Nationality Bill, had been cleared away and that the two countries had achieved a better understanding of each other's problems and concerns.

ECONOMIC AND COMMERCIAL ASPECTS

12. Though we did not clinch the coastal steel plant contract nor succeed in persuading the Indians to bite on our proposals for the

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supply of a major thermal power station, the results achieved on the economic and commercial fronts were well worthwhile. Apart from the conclusion of a Double Taxation Convention, the signature of a £37.3 million local costs grant agreement and a side letter on the Thal fertilizer project, Memoranda of Understanding on the power and coal sectors, science and technology and collaboration in space, were concluded. In addition, there was a general Memorandum of Understanding covering cooperation in such fields as electronics, fertilizers, port development and telecommunications. These record the significant advances made in the past three years. They also provide an indication of how we can advance our commercial and industrial interests in India over the next few years. It is doubtful that we would have got so far but for the stimulus of the Prime Minister's visit. I am writing separately to the Department of Trade with proposals for further action. Though politically the best moment for clinching the steel contract has gone by, I still think we may secure it. It is worth recalling that our main competitors, the Germans, did not secure the contract either when their President visited India last month. The conclusion of a MOU on power provides us with a good basis for pursuing the power station project. Our prospects in all of these areas will be significantly improved if we can do something to help the Indians to deal with their substantial trade imbalance. We must also find some way of coping with their increasingly strident complaints over such problems as the export of folkloric items, opium and tobacco to the UK, on which the Minister of Commerce dwelt at some length during his call on the Prime Minister.

CONCLUSION

13. It was a disappointment that we did not get the contract for the coastal steel plant during the Prime Minister's visit. Had we done so the success of the visit would have been spectacular. Despite this, we achieved advantages which went beyond the commercial gains to which I have already referred. On the political side the visit has helped to reassure India that she has

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Western friends, while at the same time it has given increased stature to Britain in Indian eyes. Before the visit the Indians were intrigued by the Prime Minister's policies and personality. As a result of the visit they have a clear impression of a confident, strong, articulate world leader. They still have important reservations about British policies, but their respect for the British Prime Minister has increased. This is a considerable gain which we may be able to turn to good advantage in the tricky times ahead.

14. This was very much a personal achievement by the Prime Minister. She had prepared for the visit with great care. She handled difficult questions during the TV interview and press conferences clearly and firmly. Her speeches were well delivered and effective. My Soviet colleague tells me that from what the Indians say, he must admit that the private talks went well, but he assures me that the line taken by the Prime Minister has made her very unpopular with the Indian public. The Soviet Embassy, able though they are in many ways, do not have a good record in reading aright Indian public reactions and once again I believe they are wrong. The Indian public reaction to some of the comments in the British media has indeed been critical, but I have encountered nothing but praise for Mrs Thatcher's performance. Her cool and elegant appearance in trying circumstances, her evident appreciation of India, her firmness and her frankness have all been affectionately commended as being in the British tradition. From the beginning it was plain that Mrs Gandhi wanted the visit to be a success. The task now is to keep success going. It is helpful that Mrs Gandhi has accepted the Prime Minister's invitation to visit London in the spring of 1982 to coincide with the opening of the Festival of India.

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15. I am sending copies of this Despatch to Her Majesty's Representatives at Islamabad, Washington and Moscow.

I am, Sir
Yours faithfully

A handwritten signature in dark ink, appearing to read 'J A Thomson'.

J A Thomson

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VISIT OF THE PRIME MINISTER TO INDIA: PROGRAMME

WEDNESDAY 15 APRIL

- 1035 Arrive Delhi Airport Technical Area
Ceremonial Reception
Guard of Honour
Statement by Prime Minister
- 1100-1135 Ceremonial drive from airport to Rashtrapati Bhavan
- 1200 Call on the President, Rashtrapati Bhavan
- 1245 Lay wreath at the Gandhi Samadhi, Raj Ghat and
plant sapling
- 1320 Private Lunch at High Commissioner's Residence
- 1500-1630 First round of talks with Mrs Gandhi, South Block
- 1630-1730 Formal talks with Indian delegation, South Block
- 1830 High Commissioner's Reception in honour of the
Prime Minister
- 2005 Call by Mrs Gandhi, Rashtrapati Bhavan
- 2015 Dinner by Mrs Gandhi in honour of the Prime Minister,
Rashtrapati Bhavan

THURSDAY 16 APRIL

- 0900 Call by Foreign Minister, Rashtrapati Bhavan
- 0930-1130 Second round of talks with Mrs Gandhi, South Block
- 1135 Call by Minister of Finance, Rashtrapati Bhavan
- 1205 Radio and television interview
- 1240 Call on the Vice President, 10 Jan Path
- 1315 Lunch by the President, Rashtrapati Bhavan
- 1500 Call by Minister of Commerce, Rashtrapati Bhavan
- 1600 Meeting with Members of Parliament, Rashtrapati Bhavan
- 1700 Signing Ceremony, Rashtrapati Bhavan
- 1815 Address to Members of Parliament in Central Hall,
Parliament House
- 2015 Prime Minister's dinner in honour of Mrs Gandhi,
High Commissioner's Residence



FRIDAY 17 APRIL

- 0900-0945 Visit Bamnauli Village
- 1015-1045 Visit Village Complex at Pragati Maidan
- 1055-1130 Visit Nehru Memorial Museum
- 1400-1440 Press Conference at Vigyan Bhavan
- 1515 Arrive Delhi Airport for departure to Bombay
Guard of Honour
Ceremonial Farewell
Statement by Prime Minister
- 1725 Arrive Bombay Airport
Reception by Governor of Maharashtra
- 1745 Lay foundation stone for Institute of Management Studies
at the Bharatiya Vidya Bhavan, Andheri Campus
- 2020 Call by Governor of Maharashtra, Raj Bhavan
- 2030 Dinner by Governor of Maharashtra, Raj Bhavan

SATURDAY 18 APRIL

- 0815 Leave Gateway of India for Elephanta and Bhabha
Atomic Research Centre (BARC) by launch
- 0900-0945 Visit Elephanta
- 1015-1130 Visit BARC
- 1245 Meeting with leading Bombay businessmen, Oberoi Hotel
- 1315 Lunch by Bombay Chamber of Commerce, Oberoi Hotel
Speech
- 1530 Tea with British journalists, Oberoi Hotel, followed
by interviews with BBC TV, BBC World Service and
ITN at Raj Bhavan
- 1830 Prime Minister's Reception, Jinnah House
- 2020 Cultural programme and dinner at the National Centre
for the Performing Arts

SUNDAY 19 APRIL

- 1015 Arrive Bombay airport
Farewell by Governor of Maharashtra
- 1030 Leave Bombay for Saudi Arabia