



FCS/81/42

SECRETARY OF STATE FOR HOME AFFAIRS

No increase

We shall need
to discuss
not

Prime Minister
To rule.

(2)

And

UKPH in India

1. You kindly said that you would have another look at this matter in view of the Prime Minister's forthcoming visit to India.
2. There have been certain developments since the exchange of correspondence ending with No 10's letter of 16 March.
3. The danger of the visit being marred by immigration/ Nationality issues has grown. The Indians have told us at a high level that they are worried that the Prime Minister's key speech to their Parliament may be disrupted by scenes mounted by the opposition. They even queried whether the speech should go ahead but have now accepted that it should. They have forecast other demonstrations during the visit.
3. The immigrant lobby here have told us that they intend to launch a strong campaign in the Indian press both in Britain and India at the time of Mrs Thatcher's visit to Delhi and Bombay. They intend to send someone out from the UK to stir things up (they mention Martin of the JCWI). Delhi telegram number 264 is enclosed.
4. Mrs Gandhi's son, Rajiv, told our High Commissioner last week that nothing would do more to promote the success

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of the visit than a favourable statement about UKPH in advance of the visit. A copy of Sir John Thomson's personal telegram reporting this conversation is enclosed.

5. It is thus clear that Mrs Gandhi personally attaches considerable importance to the UKPH issue: and you will see that Rajiv Gandhi explicitly has not asked for an increase in net immigration to the UK from India. In the light of his intercession with John Thomson and of the Indian Government's other representations, my concern is that valuable commercial prospects will be prejudiced. We are now negotiating hard with the Indians on a package of commercial agreements (the Permanent Under Secretary of the Department of Trade is in India throughout this week for the purpose). In India these matters are directly influenced by political considerations. A decision by Mrs Gandhi to make a success of the visit could tip the balance between ourselves and our commercial competitors. But she is always much influenced by the state of political relations with the country concerned.

6. A key matter, by which the success of the visit may stand or fall, is a £1 billion steel contract for which we hope a British consortium will be preferred to a German one. Technically, they are neck and neck. The Indian negotiating Committee has been meeting this week to make a recommendation to an Indian Cabinet meeting scheduled for 6 April which may take the decision (I do not say will because nothing is that certain). Mrs Gandhi's view will certainly be decisive.

7. It is for these reasons that I remain of the view that it would be greatly to our advantage to make a concession on

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very soon and that, to have any effect, it would need to be along the lines of the second alternative referred to in your minute of 11 March to the Prime Minister ie a doubling of the existing annual quota. Ideally, we should like to instruct the High Commissioner to tell Rajiv Gandhi in the next few days that we intended to increase substantially the annual quota for UKPH from India. You will note from the enclosed telegram that he is quite ready to accept that this would mean longer queues for other categories of immigrant. We ought to be able to arrange administratively that a concession on UKPH does not lead to a significant increase in the annual rate of immigration from India and to find a way of conveying publicly, if necessary, that it will not.

8. The matter is now rather urgent. I am most grateful for your undertaking to look at it again.

9. I am sending a copy of this minute to the Prime Minister.

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(CARRINGTON)

Foreign and Commonwealth Secretary
26 March 1981