CONFIDENTIAL DESKBY 141000Z FM DELHI 140755Z APR 81 TO IMMEDIATE FCO TELEGRAM NUMBER 411 OF 14 APRIL. INFO ROUTINE WASHINGTON, ISLAMABAD, PEKING.

PRIME MINISTER'S TALKS WITH MRS GANDHI

- 1. MRS GANDHI IS VERY EXPERIENCED AND WILL NOT NECESSARILY STICK TO HER BRIEFS. ON THE BASIS OF MY TALKS WITH HER, I BELIEVE SHE WILL WANT TO CONCENTRATE ON AMERICAN INTENTIONS, SOVIET INTENTIONS AND HOW THE TWO IMPRINGE ON THE BALANCE OF POWER, ESPECIALLY IN THIS PART OF THE WORLD.
- 2. I BELIEVE THAT MRS GANDHI WILL BE WILLING TO SAY (PERHAPS WITH SOME TACTFUL ENCOURAGEMENT):
- (A) THE SOVIETS SHOULD LEAVE AFGHANISTAN WHICH SHOULD BE INDEPENDENT, SOVEREIGN AND NON-ALIGNED WITH A FREELY CHOSEN GOVERNMENT (THOUGH IT WOULD BE UNREALISTIC TO AIM FOR AN ANTI-SOVIET GOVERNMENT) SEMI-COLON
- (B) THE SOVIETS SHOULD KEEP THEIR HANDS OFF POLAND SEMICOLON
- (C) THE SOVIETS ARE GENUINELY WORRIED ABOUT THE CONTINUATION OF THEIR SYSTEM (WHICH INDIA DOES NOT ADMIRE) AND NOT LEASE ABOUT THE EFFECT OF ISLAM IN THEIR CENTRAL ISLAM REPUBLICS.
- (D) INDIA HAS NOT THE SLIGHTEST INTENTION OF ATTACKING OR COERCING PAKISTAN, DOES NOT HAVE AN ANTI-PAKISTAN POLICY CONCERTED WITH THE SOVIET UNION, CERTAINLY DOES NOT WANT A COMMON BORDER WITH THE SOVIETS AND RESENTS ACCUSATIONS TO THE CONTRARY. INDIA WOULD LIKE A STABLE INDEPENDENT PAKISTAN. MRS GANDH! MAY STOP SHORT OF ASKING THE PRIME MINISTER TO REASSURE GENERAL ZIA, BUT SHE MIGHT BE GLAD TO KNOW THAT THE PRIME MINISTER WAS WILLING TO DO THIS.
- (E) INDIA HAS NO FUNDAMENTAL QUARREL WITH PAKISTAN AND WOULD BE READY TO SETTLE THE KASHMIR QUESTION ON THE LINE OF "ACTUAL CONTROL". WHILE IT MAY TAKE SOME TIME FOR PAKISTANI OPINION TO EVOLVE IN THIS DIRECTION, INDIA WOULD MEANWHILE BE READY TO IMPROVE RELATIONS, THE PAKISTAN NUCLEAR PROGRAMME PERMITTING.
- (F) INDIA RECOGNISES THAT EVERY COUNTRY HAS THE RIGHT TO ACQUIRE A REASONABLE SUPPLY OF ARMS FOR SELF DEFENCE AND WOULD HAVE NO OBJECTION TO PAKISTAN ACQUIRING AMERICAN ARMS ON THE SAME SORT OF TIME SCALE (10 TO 15 YEARS) THAT APPLIES TO OUR SALE OF JAGUAR TO INDIA OR THE SOVIET-INDIAN ARMS DEAL.
- (G) INDIAN RECOGNISES THAT PAKISTAN IS IN A DIFFICULT SITUATION NOT LEAST BECAUSE OF THE REFUGEES AND WOULD UNDERSTAND HUMANITARIAN ASSISTANCE TO THE LATTER.

CONFIDENTIAL

- (H) INDIA DOES NOT BELIEVE THAT CHINA IS SUPPLYING FISSILE MATERIAL TO PAKISTAN AND IS READY FOR A CAUTIOUS BUT STEADY IMPROVEMENT IN SINO-INDIAN RELATIONS WHILE LEAVING THE FRONTIER QUESTION ON ONE SIDE.
- 3. ON THE OTHER SIDE OF THE COIN, MRS GANDHI IS ALLERGIC TO:
- (A) THE MILITARY CHARACTER OF THE REGIME IN PAKISTAN.
- (B) ITS NUCLEAR POLICY AND THE APPARENT US CONDONATION OF IT.
- (C) THE IDEA THAT PAKISTAN MIGHT CEASE TO BE NON-ALIGNED AND MIGHT BRING THE COLD WAR TO INDIA'S FRONTIER.
- (D) USING PAKISTAN AS A CONDUIT FOR WEAPONS TO THE MUJAHEDDIN, WHICH IN HER VIEW OBLIGES THE SOVIETS TO STAY IN AFGHANISTAN AND IS LIKELY TO PROVOKE A SOVIET RESPONSE THAT WILL DE-STABILISE PAKISTAN IF NOT THE WHOLE AREA.
- (E) A RAPID SOPHISTICATED ARMS BUILD-UP SUCH AS PROPOSED BY THE AMERICANS EG. ABOUT DOLLARS 3.5 BILLION OVER THE NEXT 5 YEARS (ISLAMABAD TEL NO 174) WHICH MIGHT BE USED EITHER IN ACCORANCE WITH PRECEDENT, AGAINST INDIA OR FOR AN OVER-ADVENTUROUS POLICY VIS A VIS THE SOVIETS AND AFGHANISTAN. ARMS EVEN ON THIS SCALE WOULD BE OF NO REAL USE IF THE RUSSIANS DECIDED TO INVADE PAKISTAN.
- (F) HAIG'S 'STRATEGIC CONCEPT FROM PAKISTAN TO EGYPT' WHICH WILL WORSEN INDO-PAKISTAN RELATIONS AND MORE OR LESS OBLIGE THE INDIANS TO DRAW FURTHER AWAY FROM THE US AND POSSIBLY ALSO CHINA.
- (G) BEING TOLD BY THE AMERICANS (OR ANYBODY ELSE) HOW INDIA SHOULD BEHAVE.
- 4. MRS GANDHI IS PROBABLY WILLING TO RECOGNISE THAT MOST
 DIFFERENCES OF PERCEPTION BETWEEN OUR 2 COUNTRIES STEM FROM OUR
 DIFFERENT VIEWS OF SOVIET INTENTIONS. SHE SEES THE RUSSIANS AS
 NECESSARY FRIENDS AND HAS LITTLE REGARD FOR THE AMERICAN WAY OF
 DOING THINGS, WHICH SHE SUSPECTS IS AS LIKELY TO PROVOKE AS TO HALT
 SOVIET EXPANSIONISM. SHE WILL LISTEN WITH INTEREST AND RESPECT TO
 ANY EXPOSITION BY THE PRIME MINISTER OF HOW WE FROM OUR POSITION IN
 WESTERN EUROPE VIEW THE SOVIET UNION.

THO MSON [COFIES SENT TO NO 10 DOWNING ST.]

LIMITED
SAD
PCD
NAD
EESD
DEF D
ACDD
FED
JNU
ESSD

NEWS D PS/LPS PS/MR BLAKER PS/PUS SIR J GRAHAM MR DONALD