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FM DELHI 160445Z APR 81

TO IMMEDIATE FCO

TELNO 418 OF 16 APRIL

INFO TO JEDDA, TEHRAN, KUWAIT, UKMIS NEW YORK AND STOCKHOLM
SAVING TO HAVANA, MODUK (FOR DI4) WASHINGTON AND ISLAMABAD.

MIPT AND BAGHDAD TELNO 202: PRIME MINISTER'S TALKS WITH MRS
GANDHI: IRAN/IRAQ

1. DURING THE PRIME MINISTER'S TALKS WITH MRS GANDHI YESTERDAY AFTERNOON, RAO GAVE AN ACCOUNT OF THE RECENT NAM MISSION TO IRAN AND IRAQ IN WHICH HE HAD BEEN A MEMBER.
2. HE SAID THE MISSION'S MAIN PURPOSE HAD BEEN TO LISTEN RATHER THAN TO FORMULATE PROPOSALS. HE CONTRASTED THIS WITH THE ISLAMIC CONFERENCE'S ATTEMPT TO FORMULATE PROPOSALS WHICH HAD NOT BEEN SUCCESSFUL. THOUGH BOTH SIDES CONTINUED TO TAKE UP ENTRENCHED AND APPARENTLY DIAMETRICALLY OPPOSED POSITIONS, INFORMAL DISCUSSIONS HAD SHOWN SIGNS OF FLEXIBILITY WHICH NEEDED TO BE CAREFULLY ANALYSED AND BUILT UPON. THE NON-ALIGNED GROUP WOULD BE MEETING AGAIN IN ALGIERS ON 19 APRIL TO CONSIDER THE SITUATION. IF APPROPRIATE IT WOULD UNDERTAKE A SECOND MISSION TO IRAN AND IRAQ, EITHER DIRECTLY OR AFTER A PAUSE.
3. RAO SAID THAT THOUGH BOTH SIDES HAD SHOWN GOODWILL IT HAD BEEN IMPOSSIBLE TO GET TO GRIPS WITH SUBSTANTIVE ISSUES. THE IRANIANS HAD TAKEN THE LINE THAT ONCE THE IRAQIS HAD WITHDRAWN, THERE WOULD BE NO DIFFICULTY ABOUT RESOLVING THESE. HE CONCEDED THAT THE IRANIANS WOULD WANT TO USE THE 1975 AGREEMENT AS A BASIS FOR DISCUSSION, BUT STRESSED THAT BANI SADR HAD MADE IT CLEAR THAT IRAN WOULD BE FLEXIBLE ON SUBSTANTIVE ISSUES. HE SAID THAT BOTH SIDES WERE AGREED THAT THERE MUST BE A PACKAGE SOLUTION AND THAT NO INDIVIDUAL ASPECTS OF THEIR CONFLICT COULD BE TAKEN IN ISLolation. RAO INDICATED THAT THIS MADE PALME'S EFFORTS TO FIND A SOLUTION OF THE SHATT-EL-ARAB PROBLEM DIFFICULT. HE EXPLAINED THAT WHEN THE IRANIANS SAID THAT A CEASEFIRE AND WITHDRAWAL OF TROOPS MUST TAKE PLACE SIMULTANEOUSLY, THEY MEANT THAT A DECISION ABOUT BOTH MUST BE TAKEN AT THE SAME TIME AND WITHDRAWAL MUST FOLLOW AS SOON AS POSSIBLE AFTER A CEASEFIRE.

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4. THE PRIME MINISTER SAID THAT IT WOULD BE A GREAT ACHIEVEMENT IF THE NON-ALIGNED MISSION COULD RESOLVE THE IRAN/IRAQ CONFLICT. IT WOULD MAKE A GREAT DIFFERENCE TO THE WORLD ECONOMY AND MIGHT BRING DOWN OIL PRICES. RAO SAID THAT THOUGH THERE WAS GROUND FOR HOPE, A SOLUTION WAS SOME WAY OFF. HOWEVER THE EXISTENCE OF THE NAM INITIATIVE WAS ITSELF A DISINCENTIVE TO ESCALATION.

FCO PASS SAVING TO HAVANA MOJUK (FOR DI 4) N WASHINGTON AND ISLAMABAD

THOMSON

[REPEATED AS REQUESTED]

IRAQ/IRAN STANDARD

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