



Prime Minister.

Foreign and Commonwealth Office

Are you prepared to raise  
these subjects with Mrs.  
Gandhi?

London SW1A 2AH

11 November, 1983

A.S.C. 4/11.

Dear John,

I really don't think  
it wise to raise commercial  
contracts on the eve of CHOGM.  
Mrs. G. will not  
be receptive  
at this  
time.

CHOGM: Meeting with Mrs Gandhi

On receipt of your letter of 1 November, we asked Sir Robert Wade-Gery in New Delhi to propose to the Indians a bilateral meeting between the Prime Minister and Mrs Gandhi. The Indians have now told us that they are working on arrangements for a meeting, probably on 22 November, and will revert shortly. They have asked what subjects the Prime Minister would intend to raise.

As I indicated in my letter of 28 October, there are several major commercial projects and defence sales opportunities on which it would be worth seeking Mrs Gandhi's intervention.

Commercial

Prospects of particular importance include a GEC bid for a captive power plant for the Bharat Aluminium Company, for which a finance proposal has been given to the Indians including bilateral aid. The early signature of a contract for the plant would have the additional advantage that it would enable us to make an initial aid payment in this financial year, thereby helping to cover a likely underspend in this year's bilateral aid programme. We are also pursuing British involvement in the £300 million modernisation of the steel works at Durgapur in Eastern India, which were originally built by British companies in the 1950s. The Indian Government have asked British Steel to play a leading role in the project. Outline financial proposals including bilateral aid, were submitted to the Indian Government in August. We hope to take matters further before the Prime Minister's Meeting with Mrs Gandhi so that that meeting could be used to secure the Indian Government's agreement in principle. There are also good prospects in the field of telecommunications and electronics. An inter-government liaison group is being set up and we have proposed a study by British Telecom of India's digital transmission network requirements. Major British companies, eg GEC and Plessey, are pursuing specific projects. Finally in the commercial sector, it would be desirable to make clear to Mrs Gandhi our continuing commitment to the major Rihand Super-Thermal Power Station project, awarded to NEI following discussions between the Prime Minister and Mrs Gandhi in 1982, and our interest in the associated transmission scheme.





### Defence Sales

*Remember they want a list of needs for defence purchases.*

We recently secured three major contracts for the sale of Sea King helicopters, Sea Eagle missiles and Rolls Royce Gnome engines, valued in total at £250 million. The Indian Government have also decided in principle to place a follow-up order for 12 Sea Harriers worth about £115 million, and commercial negotiations will begin shortly. The projects which would be worth mentioning on this occasion are Indian interest in 50 Combat Engineer Tractors, worth some £50 million (with a possibility of considerable follow-on business), and the FH70 155mm Howitzer, for which there is a potential sale of some 200, worth about £400 million. It would also be worthwhile mentioning to Mrs Gandhi our interest in collaborating with India on the production of a light Combat Aircraft, for which British Aerospace have agreed to undertake a project study. Overall, during the next 3-4 years, we have hopes of winning a significant share of the potential £2 billion defence sales market in India.

### Aid Programme

As I have mentioned above, there is a risk that we will underspend the bilateral aid programme by about £20 million this year. The 1983/84 aid programme of £110 million was agreed by the Prime Minister with Mrs Gandhi in 1982. We have pressed the Indians urgently at senior level, to help resolve this temporary problem by putting forward good projects on which spending could begin this financial year, but they have been slow to do so. We think it would speed Indian decision making if the Prime Minister were to raise the matter with Mrs Gandhi.

### Unofficial Contacts

Apart from these commercial, defence sales and aid matters, we think it would be beneficial to our relations with India if the Prime Minister were to ask Mrs Gandhi to support proposals we have made for the revival of a series of non-official conferences of senior British and Indian academics, journalists, and politicians which until 1980 met to discuss major themes of mutual interest. The conferences lapsed in 1980 because Mrs Gandhi objected to some of the Indians selected by the non-official organisers. We believe Mrs Gandhi will agree to a revival, provided suitable organisers can be identified.

### CHOGM

Above all, a meeting with Mrs Gandhi on 22 November could be used for an eve-of-meeting discussion of the major issues before Heads of Government. A firm statement to Mrs Gandhi shortly before the meeting of our particular concerns on key issues might well influence helpfully the way Mrs Gandhi plays her hand during the subsequent sessions.



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If the approach outlined above is acceptable to the Prime Minister, we shall instruct Sir Robert Wade-Gery to tell the Indians that the Prime Minister will wish to touch on both major international issues which will arise at the Commonwealth Meeting and the specific projects and bilateral matters mentioned above. Advance warning that the Prime Minister will raise individual projects, for example, Durgapur, will help to speed decision making within the Indian bureaucracy.

*Yours ever,*

*Peter Ricketts*

(P F Ricketts)  
Private Secretary

A J Coles Esq  
10 Downing Street

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COMMONWEALTH: CHOCUM. PHS.



11 NOV 1985





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Foreign and Commonwealth Office

London SW1A 2AH

18 November, 1983

Dear John,

11/22

CHOGM: Meeting with Mrs Gandhi

Sir Robert Wade-Gery called on Dr Alexander, the Head of Mrs Gandhi's office, on 16 November to pass on the Prime Minister's wishes as conveyed in your letter of 14 November. On hearing that the Prime Minister wished to concentrate primarily on CHOGM issues when she called on Mrs Gandhi, Dr Alexander replied that the Prime Minister should have no inhibitions about raising bilateral issues if they were on her mind. Mrs Gandhi would be entirely happy to discuss non-CHOGM issues as well, of course, as CHOGM ones.

Taking his cue from Dr Alexander's remarks, Sir Robert said the Prime Minister might well raise the question of reviving the series of non-official conferences involving senior Indian and British academics, journalists and politicians, which had lapsed a couple of years ago. The High Commissioner said the Prime Minister might also touch on the danger of underspending this year's aid programme adding that this might depend on the number of projects given approval in time for spending in this financial year. In the subsequent discussion, Dr Alexander made it clear that the Indians would consider it entirely appropriate for the Prime Minister to raise important industrial projects, in particular those affecting aid utilisation.

Sir Robert Wade-Gery has now strongly recommended on the basis of this conversation with Dr Alexander, that the Prime Minister should mention to Mrs Gandhi two major projects in which British companies are interested. The first of these, the provision of power generation plant for the Bharat Aluminium Company might be referred to in the context of the possible underspend in 1983/84 of British aid. Discussion of the second project, the modernisation of the Durgapur Steel Plant would then follow naturally. Both these projects are covered in the brief prepared for CHOGM, but for ease of reference, I enclose a short note, including a 'Line to Take', on the projects and the possible aid underspend.

Yours ever,

Peter Ricketts

(P F Ricketts)

Private Secretary

A J Coles Esq  
10 Downing Street

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## MEETING WITH MRS GANDHI

## LINE TO TAKE

UK Aid

1. In 1982 we agreed target aid levels for regular UK bilateral aid for 1982/83 and 1983/84. We achieved the target for 1982/83. But possibility of underspend in 1983/84. Helpful if your officials could identify suitable projects. (Aid in 1984/85 - if raised - final decisions not taken, but will use best endeavours to maintain aid at £110 million level.)

Bharat Aluminium Company (BALCO)

2. One possibility of achieving aid expenditure this year would be early agreement on provision of captive power plant for BALCO. Hope for speedy conclusion of negotiation on bid from GEC. Confirm aid would be available, subject to appraisal.

Durgapur

3. Also looking forward to substantial UK involvement, led by British Steel Corporation, in modernisation of Durgapur Steel Plant, for which we have put forward outline financial proposals including aid.

## BACKGROUND

UK Aid

4. In past few years we have reached or exceeded our aid targets for India, including the £105 million agreed by Mrs Gandhi and Prime Minister for 1982/83. The agreed figure for 1983/84 is £110 million. We have strongly pressed the Indians, at senior official level, to put forward good projects which would begin spending in 1983/84, but they have been slow to do so. At present we look likely to underspend, perhaps by as much as £20 million. We cannot simply write a cheque for the balance.

/Aid



Aid in 1984/85

5. We have, as usual, given Indians planning figure of £110 million for 1984/85 in line with 1982 undertaking to use best endeavours to maintain aid at 1983/84 level in cash terms. Final decision still to be taken. There are several projects in pipeline which would enable expenditure of £110 million in 1984/85. In addition, we have already agreed to earmark £33 million over 4 years from 1984/85 from the Aid/Trade Provision. This aid, which is additional to the bilateral programme, has still to be allocated to projects.

BALCO Captive Power Plant

6. GEC are well-placed for a £140 million contract to build a captive power plant for the Bharat Aluminium Company (BALCO). A finance proposal including bilateral aid was submitted in September. GEC will submit tender in mid-November. If the project is approved, an early aid donor payment would help cover a likely underspend on this year's programme. Indian Minister of Steel has advised project should be raised with Mrs Gandhi.

Durgapur Steelworks

7. Indian Government have asked for BSC to play leading role in £300 million modernisation of Durgapur. Outline financial proposals, including bilateral aid, were submitted to Indians in August.



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10 DOWNING STREET

*From the Private Secretary*

14 November, 1983

CHOGM: Meeting with Mrs. Gandhi

Thank you for your letter of 11 November, in which you suggest a number of subjects which the Prime Minister might raise with Mrs. Gandhi when she sees her in New Delhi.

The Prime Minister is not inclined to raise commercial contracts with Mrs. Gandhi on the eve of CHOGM. She does not believe that the Indian Prime Minister would be receptive to approaches on these matters at that time.

I should therefore be grateful if you would instruct Sir Robert Wade-Gery to tell the Indians that the Prime Minister, during her meeting with Mrs. Gandhi, will wish to discuss primarily the major issues which will arise at CHOGM and that she may also wish to raise one or two bilateral matters. (Here I have in mind the paragraphs in your letter which relate to the aid programme and unofficial contacts.)

With regard to defence sales, the Prime Minister has minuted that we should recall that the Indians are seeking a line of credit for defence purchases. (This matter arose in her recent meeting with the Indian Defence Minister.)

I am copying this letter to Richard Mottram (Ministry of Defence).

A. J. COLES

P. F. Ricketts, Esq.,  
Foreign and Commonwealth Office

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cc Grenada  
Int Sit Pt 2

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10 DOWNING STREET

Prime Minister.

Would you please let  
Geoffrey Howe have a copy of  
this letter?

A.J.C.

14.11.83

Yes



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Just



10 DOWNING STREET

*From the Private Secretary*

1 November 1983

CHOGM

I can now give you replies to a number of outstanding questions.

With regard to your letter of 26 October, the Prime Minister has decided that she does not wish to address a meeting of the Indian National Science Academy. Nor does she wish to attend a round table discussion of Indian business and the Indian economy. She would be prepared, if this was thought desirable, to attend a Reception for members of the British Community and their wives.

The Prime Minister has also indicated that if Mrs. Gandhi very much wished her to, she would attend the opening of the Textile Exhibition at 0930 on 22 November. Bearing in mind that this event occurs shortly after our arrival in New Delhi, I very much hope that the Prime Minister will only be asked to attend this event if Mrs. Gandhi herself genuinely wishes her to (I have no doubt that any Indian if asked will claim that Mrs. Gandhi does so wish).

28F /  
15F /  
Your letter of 28 October reverted to the question of a bilateral meeting between the Prime Minister and Mrs. Gandhi on 22 November. In the light of the arguments advanced in your letter, the Prime Minister has now agreed that we should seek to arrange such a meeting. I should be grateful if you would do so. With regard to a possible bilateral meeting with Mr. Hawke (your letter of 21 October), the Prime Minister can accept the Australian suggestion of a working breakfast at 0800 on Wednesday, 23 November (on the assumption that Mr. Hawke does not bring his arrival forward to 22 November).

A. J. COLES

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P.F. Ricketts, Esq.,  
Foreign and Commonwealth Office.

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Prime Minister.

Foreign and Commonwealth Office

*Sir R. Wade-Gery agrees strongly that we should seek a bilateral meeting with Mrs. Gandhi.*

London SW1A 2AH

28 October, 1983

Dear John,

Agree?

Yes *ms*

A.F.C. 28/10

CHOGM

We recommended in John Holmes's letter of 13 October that, in advance of the opening of the Commonwealth Meeting, we should arrange a bilateral meeting on 22 November between the Prime Minister and Mrs Gandhi. You replied on 17 October that the Prime Minister thought that, given the burdens on Mrs Gandhi's time, it would be better not to request a bilateral meeting; presumably there would in any case be ample opportunity for discussion between herself and Mrs Gandhi. We conveyed this decision to New Delhi.

Sir Robert Wade-Gery has however urged strongly in the enclosed telegram that the question should be reconsidered and that a bilateral meeting should be arranged now to take place, if possible, on 22 November.

Sir Robert refers to the opportunity such a meeting would provide to promote our commercial and defence sales interests. There are several major commercial projects, such as the modernisation of the Durgapur Steel Plant and the provision of a captive power plant for the Bharat Aluminium Company, which might include British aid and which it may be desirable to raise with Mrs Gandhi depending on developments in the next few weeks. On the defence sales side, much will depend on the outcome of the visit of the Indian defence Minister, Mr Venkataraman, on 6-10 November, but there may be sales prospects, for example sales of the FH70 Howitzer, on which it would be worth seeking Mrs Gandhi's intervention. We are inclined to agree that a prearranged bilateral meeting would be more likely to produce the desired results than other less structured opportunities for discussion.

A telling point in New Delhi's telegram is that the Indians might think it odd if we did not ask for a bilateral. We could make the point in asking that we would not take offence if it proved too difficult to arrange conveniently.

The Foreign and Commonwealth Secretary therefore hopes that the Prime Minister would agree to have another look at the matter.

Yours ever,

*Peter Ricketts*

(P F Ricketts)  
Private Secretary

A J Coles Esq  
10 Downing Street

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GRS 450

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FM DELHI 240529Z OCT 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 750 OF 24 OCTOBER

INFO ROUTINE MODUK (DEFENCE SALES)

YOUR TELNO 608: BILATERAL BETWEEN THE PRIME MINISTER AND MRS GANDHI

1. THERE SHOULD CERTAINLY BE OPPORTUNITIES FOR UNSCHEDULED DISCUSSIONS BETWEEN THE PRIME MINISTER AND MRS GANDHI IN THE CHOGM MARGIN, NOT LEAST AT GOA. BUT THEIR LENGTH AND PRIVACY MAY BE DIFFICULT TO CONTROL: AND THEIR VALUE FOR SOME PURPOSES COULD BE DIMINISHED IF MRS GANDHI DOES NOT HAVE THE RIGHT ASSISTANTS WITH HER (THOUGH FOR MORE GENERAL PURPOSES TALKS WITHOUT SUPPORTERS PRESENT WILL OF COURSE BE ALL TO THE GOOD). I WOULD THEREFORE SEE CONSIDERABLE ADVANTAGE IN ARRANGING A SPECIFIC BILATERAL, PREFERABLY ON 22 NOVEMBER BEFORE THE CHOGM BEGINS. MRS GANDHI WILL NATURALLY BE BUSY. BUT SHE IS EXTREMELY GOOD AT FINDING TIME IN HER DIARY FOR THOSE SHE WANTS TO SEE. THE QUEEN'S PRESENCE IN INDIA IS UNLIKELY TO TAKE UP MUCH OF HER TIME FROM 22 NOVEMBER ONWARDS, SINCE EXCEPT IN THE EVENINGS THE QUEEN WILL IN THAT PERIOD BE DEVOTING HERSELF ALMOST EXCLUSIVELY TO AUDIENCES AND AUDIENCE LUNCHES WHICH WILL NOT INVOLVE MRS GANDHI (WHOSE OWN AUDIENCE WILL ALREADY HAVE TAKEN PLACE THE PREVIOUS WEEK, IN ACCORDANCE WITH THE NORMAL CONVENTION).

2. THERE IS A GENERAL PERCEPTION IN INDIA THAT A SPECIAL RELATIONSHIP EXISTS BETWEEN THE PRIME MINISTER AND MRS GANDHI. THIS WORKS VERY MUCH IN OUR INTERESTS. THE BELIEF THAT THERE IS A BASIC UNDERSTANDING AT THE TOP IMPOSES A PRESSURE THROUGHOUT GOVERNMENT TO WORK FOR AGREEMENTS BETWEEN US. THIS DOES NOT OF COURSE ENABLE US TO GET OUR OWN WAY ON EVERY ISSUE. BUT IT DOES HAVE AN IMPORTANT TONIC EFFECT ON THE SLUGGISH MACHINERY OF INDIAN GOVERNMENT. THE PERCEPTION OF A CLOSE RELATIONSHIP WOULD BE DAMAGED IF, ON THE OCCASION OF HER WEEK LONG VISIT TO INDIA FOR THE CHOGM, THE PRIME MINISTER DID NOT HAVE A SPECIFIC TIME FOR A MEETING WITH MRS GANDHI WHICH COULD BE REPORTED AS SUCH AND MADE KNOWN IN THE PRESS AND IN GOVERNMENT.

3. APPEARANCES APART, THERE ARE IN ANY CASE A NUMBER OF POINTS, ON OUR COMMERCIAL AND DEFENCE SALES INTERESTS IN PARTICULAR, WHICH AS SEEN FROM HERE IT WOULD BE VERY USEFUL IF THE PRIME MINISTER COULD RAISE WITH MRS GANDHI. DESPITE OTHER OPPORTUNITIES FOR DISCUSSION, A SPECIFIC BILATERAL SHOULD MAKE IT EASIER TO ENSURE THAT THEIR TALKS ACTUALLY PRODUCE THE RESULTS WE WANT.

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4. I THEREFORE RECOMMEND THAT FURTHER CONSIDERATION BE GIVEN TO ASKING FOR A BILATERAL MEETING. I AM SURE THAT THE INDIAN GOVERNMENT WOULD NOT BE PUT OUT BY SUCH A REQUEST: INDEED THEY WOULD BE SURPRISED AND PERHAPS HURT BY ITS ABSENCE. IF IN FACT A BILATERAL PROVED IMPOSSIBLE TO ARRANGE BECAUSE OF DIARY PRESSURES, WE WOULD HAVE LOST NOTHING BY PROPOSING IT.

WADE-GERY

BT

LIMITED

SAD

CCD

PROTOCOL D

NEWS D

PS/LADY YOUNG

PS/MR WHITNEY

PS/PUS

MR GAFFARD

CABINET OFFICE -

COPIES TO

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Campanella  
CHQM  
PG. 5







10 DOWNING STREET

*From the Private Secretary*

17 October 1983

CHOGM

Thank you for your letter of 13 October.

The Prime Minister would like to go ahead with the idea of a small lunch for Mr. Hawke at the Residence in New Delhi on 22 November. I enclose a message from the Prime Minister to Mr. Hawke which deals with this point and should be grateful if you would arrange for its early delivery.

In another letter of 13 October you raised the question of a bilateral meeting between the Prime Minister and Mrs. Gandhi. Mrs. Thatcher is inclined to think that, given the burdens on Mrs. Gandhi's time, and in particular the attention which she will have to devote to The Queen's State Visit, it would be better not to request a bilateral meeting. She presumes that there will in any case be ample opportunity for discussion between herself and Mrs. Gandhi, not least during the weekend retreat.

I am copying this letter to Richard Hatfield (Cabinet Office).

A. J. COLES

J.E. Holmes, Esq.,  
Foreign and Commonwealth Office.



CLOSED UNDER THE  
FREEDOM OF INFORMATION  
ACT 2000

PRIME MINISTER

CHOGM

Robert Wade-Gery has now said that he would be glad to arrange a small lunch for you and Mr. Hawke at the Residence on 22 November.

Lady Wade-Gery could attend but, if we are to have a working lunch, it would be kinder to her to excuse her.

I attach a message which, if you agree, could be sent to Mr. Hawke putting this idea to him. Agree that this message should be sent?

*Yes not*

Robert Wade-Gery has also suggested that we might try to arrange a bilateral meeting between yourself and Mrs. Gandhi on the afternoon of 22 November. This would be a good opportunity to find out how she intends to run the Meeting. Would you like us to arrange this?

A.F.C.

*She will have had  
a very long time  
with the Queen.  
She's nice and I do  
not think that such  
a request would be  
welcome  
not*

14 October 1983



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Foreign and Commonwealth Office

London SW1A 2AH

13 October 1983

Dear John,

Commonwealth Heads of Government Meeting: Bilateral  
with Mrs Gandhi

Meetings between the Prime Minister and other Heads of Government during Commonwealth meetings are usually arranged after the Prime Minister has arrived at the venue on the basis of a previously agreed list of priorities. This practice will be followed for the majority of bilateral meetings during the forthcoming Commonwealth Heads of Government Meeting at New Delhi. However, we consider there would be advantage in proposing to the Indians now a time for a bilateral meeting between the Prime Minister and Mrs Gandhi, given the close relationship between the two Prime Ministers and the pressure on Mrs Gandhi's time as host. The High Commissioner agrees.

An early meeting on 22 November would be useful in that it would enable the Prime Minister to obtain an indication of how Mrs Gandhi intended to chair the meeting, as well as being an opportunity to discuss any appropriate bilateral matters. The Prime Minister may be giving a lunch on 22 November to the Australian Prime Minister and she has accepted Sir Robert Wade-Gery's invitation to attend the dinner he is giving that evening for Her Majesty The Queen. If the Prime Minister has no other commitments that afternoon, we might suggest to the Indians that a meeting with Mrs Gandhi be arranged to take place then.

I should be grateful for your confirmation that this proposal is acceptable to the Prime Minister.

Yours ever  
John Holmes

(J E Holmes)  
Private Secretary

A J Coles Esq  
10 Downing Street

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