

Confidential

~~W. Coler~~

PRIME MINISTER

CALL ON MRS GANDHI: 4.30 PM, 22 NOVEMBER

When you see Mrs Gandhi this afternoon you will be concentrating mainly on CHOGM issues and these will also be at the top of her mind. But you should not be inhibited about raising bilateral issues. Mrs Gandhi's staff have told me that she would think it natural for you to do so. You already have it in mind to raise the Indo/British Exchange revival; and the danger of aid underspend. I recommend that you take advantage of the latter topic to refer, however briefly, to the two major industrial projects in which we are currently interested. It will be taken as a lack of interest in them at the highest level if you do not. For the same reasons a brief mention of the light combat aircraft project would be appropriate.

2. The specific points would then be as follows:

- (a) Indo/British Exchange. A revival of the Koenigswinter-type discussions we have had in the past with the Indians would do much to add an extra intellectual dimension to our relations from which both sides would benefit. It would be enough to get Mrs Gandhi to agree that the idea should be pursued with vigour.
- (b) Aid Underspend. This danger should not be overstressed, since the Indian authorities now seem to be back on track for the current year. They

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have made a major effort to bring forward suitable projects; and could reasonably claim that it is now up to us to do our stuff commercially. The main purpose of mentioning aid spending, as a subject to be kept under review for the future, would therefore be to lead into a reference to the two major industrial projects:

(i) Durgapur

Contrary to previous indications, the Indians at official level are thinking of limiting BSC's role to consultancy, and putting the modernisation packages out to international tender. This would delay implementation, and make it difficult to maximise British content. Mrs Gandhi's Principal Secretary has given instructions that the matter must go to Ministers after your meeting with her, in order to take full account of aid utilisation arguments (if they give us enough of the business, up to £100 million of aid might be made available). Indian Ministerial decisions may well depend on the outcome of any discussion you have with Mrs Gandhi. Your line should be that Mrs Gandhi and you worked out a plan for Indo-British steel collaboration over breakfast here last September; you realise that that related to a new plant at Daitari, since postponed by public expenditure cuts, and that Indian priorities now centre on the modernisation

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and expansion of the old plant at Durgapur; and you hope that in this context we can work out something of comparable scale (in terms both of business for Britain and of British aid).

(ii) Balco

GEC's bid for the captive power station for Bharat Aluminium (British content would be about £121 million out of a total cost of £159 million) is believed to be lower than the offer by the domestic manufacturer BHEL, and delivery times are shorter. We have offered £45 million capital and local cost aid, but BHEL are lobbying hard. There would be price, financing and delivery advantages to the Indians in placing the order with GEC, but the decision is essentially political. Officials are waiting for a steer from the Prime Minister's Office. You should therefore urge that GEC's bid should be given a fair crack of the whip, provided its competitive (which it is); this would be particularly desirable given that they felt a bit unfairly treated over their System X telephone exchanges bid earlier this year.

- (c) LCA. The Indian Foreign and Defence Ministers whom you met in London earlier in November are two of her closest advisers. A brief reference to your conversation with them would give you an opportunity

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to express pleasure at the Indian award of their naval helicopter contract to Westlands (20 Sea Kings with Sea Eagle missiles to a value of £200 million plus); and at their decision, just taken, to buy 12 more Sea Harriers. You could go on to say that the Light Combat Aircraft project is, we hope, the next major area for Indo-British arms supply collaboration. We are in competition with the Germans and possibly also the French for a collaboration with the Indians on this project, for manufacture here; and British Aerospace are now engaged in a feasibility study. If India opts for a British partner it will mean a great deal of business for BAe, Rolls Royce and associated companies.

(Robert Wade-Gery)

22 November 1983



ADDRESS OF
SHRIMATI INDIRA GANDHI
PRIME MINISTER OF INDIA
TO THE
COMMONWEALTH HEADS OF GOVERNMENT
MEETING

NEW DELHI, 23 NOVEMBER 1983

Presidents, Prime Ministers, honoured guests from the Commonwealth :

I welcome you to New Delhi. Most if not all of you have visited us some time or other and are not strangers to the city. It is a meeting point of the immense diversities of India and a symbol of our ancient values and present aspirations.

Free India's decision to remain in the Commonwealth, although it was soon to become an independent republic, was in line with the ethos of our struggle for freedom. We fought imperialism, not a country or a people. We resolved consciously not to sever historical links but to transform them into a new relationship of friendship, conciliation and cooperation for the good not merely of our two countries but in the larger context. The London Conference of 1949 was a turning point in the evolution of the Commonwealth. At that meeting, as Mr. Lester Pearson has noted, my father argued convincingly that cooperation could be only for peaceful and constructive purposes. That meeting clearly declared that all members were free and equal, cooperating with one another in pursuit of peace, liberty and progress. There was no obligation to follow a common policy.

Answering critics in India, Jawaharlal Nehru explained :

"I have naturally looked to the interests of India, for that is my first duty. I have always conceived that duty in terms of the larger good of the world. The world is full of strife today and disaster looms on the horizon. In men's hearts there is hatred and fear and suspicion which cloud their vision. Every step, therefore, which leads to a lessening of this tension in the world should be a welcome step. I think it is a good augury for the future that the old conflict between India and England should be resolved in this friendly way which is honourable to both countries."

The Commonwealth brings together about a third of the member-States of the United Nations. It is a genuinely eclectic grouping of nations, comprising many races, religions and diverse geographical regions. No constitution, act or treaty limits the ambit of its concerns. It is a North-South forum, encompassing a representative range of developing countries and some of the developed. It is also a forum where non-aligned countries

meet those who belong to military alliances. It is obvious that we cannot agree on all matters, yet we try to find some common ground. To be a living organism, the Commonwealth must be flexible and responsive to changing situations. As the world evolves, so should the Commonwealth.

The nuclear age had just begun when the Commonwealth came into being with the intention to work for conciliation and cooperation. Now powerful nations have turned back from this path although today's deepening crises are far more serious than anything we had then envisaged. Peace is in peril. The arms race is very nearly out of hand and is squandering resources on the escalation of yet more sophisticated weaponry. This adds a new dimension. In poor countries, the development process is stagnating. The gap between rich North and poor South is widening. Can the Commonwealth help to bridge this widening chasm? Can it also harmonize, as the 1972 Stockholm Conference pointed out, the world of nature and that of the social institutions and artefacts built by humans, so as to improve the common environment that we all share, by enabling the earth to renew itself and deepening our respect for life—human and all other?

Independence is still denied, as in Namibia, and threatened or interfered with, as in West Asia and Grenada. What problems does war solve? The experience of the Second World War and each fuller retelling of it is horrifying enough. How much greater barbarism and destruction will be wrought in just a few minutes of nuclear engagement? Such lethal weapons of destruction must never be used, and therefore must not be produced. This decision should be taken by mutual agreement, and in such stages as necessary, to dismantle and destroy existing stockpiles.

Some twenty years ago, the international community embarked on arms control with the goal of general and complete disarmament under effective international supervision within a decade. Now that objective is dismissed as utopian. Yesterday we were troubled. Today we are being asked to live with nuclear weapons merely because they are there. Is it because the pursuit of power is the only concern? Have we lost all sensitivity and concern for human values?

In Vienna, in Geneva and elsewhere, negotiations between the United States and the Soviet Union have been deadlocked for years. At this crucial juncture, the Commonwealth must urge the two powers to exert themselves with greater determination to break the stalemate.

In the wider interest of peace, all powers should accept and strictly observe the principles of peaceful coexistence, non-intervention and non-interference. We cannot acquiesce in the reasons being advanced to justify the use of force by one State against another, to install regimes of particular

persuasions or to destabilize regimes deemed to be inconvenient. Recent unfortunate events in Grenada have caused profound disquiet. India has always been strongly opposed to interference and intervention by one country against another. Non-aligned countries have always resolutely condemned the use or threat to use force as well as intervention by one country against another. Immediate and appropriate action under the auspices of the United Nations is necessary so that international intervention is ended.

Small countries following independent policies are subject to a variety of pressures. The recent disturbing development in Cyprus is an example. The unilateral declaration of independence by the so-called Turkish Cypriot Assembly in the occupied part of Cyprus is patently illegal. We stand for the sovereignty and territorial integrity of Cyprus, a member of the Commonwealth. This Meeting should send a message to our absent colleague, President Kyprianou, assuring him that we are with him and his country at this hour of trial. Cyprus must remain undivided. The Commonwealth, the Non-Aligned Movement and the United Nations must ensure the integrity and inviolability of this brave and much-harassed nation.

Great changes are taking place in Central America. They must be seen for what they are: an internal response to outmoded and repressive power structures. Whenever peaceful change is thwarted, violence usurps its place. Support and intervention from outside will not stop change. The interests of all concerned can be safeguarded only through the political processes of dialogue, compromise and conciliation. The basis for dialogue in Central America has been offered by countries of the region itself—the Contadora group, Colombia, Mexico, Panama and Venezuela, whose initiative deserves positive response by those concerned.

Peoples with a colonial past, who have sacrificed for independence and value the principle of self-government and majority rule, have a special identification with those who are still in bondage. Apartheid denies basic rights to the majority of South Africans. The Commonwealth, as it now is, is the product of decolonization, cannot ignore the struggle and suffering of our sisters and brothers in Namibia, the last major bastion of colonialism. I am sure this Meeting would wish to give to Namibia the central place that Zimbabwe was accorded in Lusaka. That Summit was decisive in laying the basis for the transition to Zimbabwe's independence; so, let us hope, the New Delhi Conference will be for Namibia.

The two situations are not at par. A member of the Commonwealth was responsible for Zimbabwe's administration. The United Kingdom acted with wisdom in coming to terms with the forces of freedom, whereas Namibia is held in slavery by a regime which takes perverse pride in racism.

The Western Contact Group was formed to facilitate the implementation of the Security Council's resolution on Namibia's independence. Instead, it is being used to delay the movement for Namibia's independence. I hope our meeting will unequivocally reject the so-called linkage or parallelism between Namibian independence and the presence of foreign troops in Angola. Angola is an independent and sovereign country under constant threat and attack from South Africa.

Wherever justice is thwarted or freedom menaced, the Commonwealth must speak up. The denial to the Palestinians of their right to independence is at the centre of the West Asian crisis. How can there be peace in that region until the wrongs perpetrated on these long suffering people are undone and they can again live with dignity in a sovereign, independent homeland of their own?

The militarization of the Indian Ocean proceeds apace in the pursuit of the global interests of the powerful. Twelve years ago, the United Nations declared the Indian Ocean a Zone of Peace. Yet the region bristles with the fleets, bases and new command structures of outside powers. Nuclear arms inducted in the name of the security of others endanger the security of the countries of the region. Many of the littoral and hinterland States are sucked into these power games. Let us hope that the conference proposed to implement the U.N. Declaration on the Indian Ocean as a Zone of Peace will be held before the next meeting of Commonwealth Heads of Government in 1985.

The other major theme of our Meeting and one which is closely related to peace is development. Development reinforces peace and is itself dependent on it. The development process, like much else, is victim to the tension, conflict and confusion of our times. Today's global economic crisis is so pervasive in its reach that no one country or group of countries has been able to find any but a partial and temporary answer. The policies of the industrialized countries to control inflation have caused sharp slow-down in their own economic activity and have raised levels of unemployment, besides imposing heavier burdens of privation on developing countries, who face declining or negative growth rates, increasing balance of payments deficits and mounting debt burdens. Their exports fetch less while the costs of their imports soar. Aid flows decline.

On several occasions earlier this year, at the Non-Aligned Summit, at UNCTAD and at the United Nations, I have drawn attention to the close link between the sustained economic recovery of the North and the activation of vigorous economic development of the South. To give an example, the developing countries absorb 40 per cent of the exports of USA and 28 per cent of those of the OECD countries as a whole. Are industrialized

countries not aware of this reality? Their protectionism is creating further polarization between the developed and developing. It has not been possible to reach agreement on the Seventh Replenishment of the International Development Association (IDA VII) at the level considered essential by the World Bank. The last meeting of the Interim Committee actually decided to reduce access to IMF funds.

As a forum which includes the industrialized and developing, the Commonwealth must support and facilitate such discussions. I sincerely hope that this Meeting will endorse the suggestion of the Non-Aligned Summit for a Programme of Immediate Measures and an International Conference on Money and Finance for Development, with universal participation. Our basic approach should be to promote consultation and discussion between all nations, and to find a harmonious way of changing the world economic system and institutions. There may be differences on what is to be changed and how. None of us can afford to remain frozen in our postures. My discussions with world leaders in New York indicated that many nations appreciated the need to further discuss problems, identify priorities and move forward towards long-term solutions. There is now increasing acknowledgement that the Bretton Woods institutions, created nearly 40 years ago, are not adequately equipped to deal with today's complex problems. The Williamsburg Summit decided to have a study of the International Monetary System by Finance Ministers and the part which a high-level International Monetary Conference might, in due course, play in this process. At this meeting we have before us a comprehensive study entitled "Towards a New Bretton Woods". It makes important suggestions. Within the Non-Aligned Movement also, we have begun a preparatory process. These several studies will be helpful in developing a common perception of the economic crisis which envelops us all.

The Commonwealth itself was born out of dialogue and in the belief that human and international problems can and should be resolved through goodwill. The Commonwealth spirit asks us to rededicate ourselves to peace and development through dialogue.

