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MINISTRY OF DEFENCE

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MO 6/11

4th November 1983

Dear John,

VISIT BY THE INDIAN MINISTER OF DEFENCE

/ As requested earlier today, I attach briefing material for the Prime Minister's meeting with the Indian Minister of Defence at 1800 on Monday.

) My Secretary of State is seeing Mr Venkataraman earlier in the day, and we will of course let you know if any points arise in that meeting of which the Prime Minister should be aware.

(S H LOWE)
Private Secretary

A J Coles Esq

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- 4 NOV 1983



PRIME MINISTER'S MEETING WITH MR R VENKATARAMAN, INDIAN DEFENCE MINISTER, 1800 ON MONDAY 6 NOVEMBER

INDO-BRITISH RELATIONS

POINTS TO MAKE

General

1. Relations excellent. Enjoyed meeting Mrs Gandhi on 30 September, New York. Arrangements going well for visit by The Queen, 17-26 November.
2. Glad we can contribute to Indian economic development through industrial collaboration and aid.

Defence Issues

3. Flourishing Indo-British defence relationship. Attach importance to maintaining close and mutually beneficial defence relations.
4. Pleased that Royal Navy Task Group led by HMS INVINCIBLE able to visit from 10-18 October. Hope Mr Venkataraman enjoyed his sea-day aboard Invincible.
5. Grateful for all the support and help given during the repair of AMBUSCADE in the Indian Naval Dockyard.

Sea King Helicopter/Sea Eagle Missile

6. Grateful for your personal interest and decision to buy. Contract further landmark in flourishing Indo-British defence relationship.

Light Combat Aircraft (LCA)

7. Confident that future defence collaboration possible in LCA project. Understand proposals recently put forward by Rolls Royce/British Aerospace.

Indian Ocean Zone of Peace (Defensive)

8. Not clear what IOPZ would mean in practice - how would it affect Soviet activities in area?

Diego Garcia (Defensive)

9. Soviet military presence in Indian Ocean with its proximity to the Gulf threatens vital Western oil routes. Events in Horn of Africa and the ME reinforce Western concern. Have need for presence on Diego Garcia.

Memorandum of Understanding

10. Government very much looks forward to signing a general defence Memorandum of Understanding with India. An agreement of this kind should create a mutually beneficial political climate in which future defence business can be conducted.

R VENKATARAMAN

Minister of Defence.

Born 1910. Educated as a lawyer. He was imprisoned from 1942-44 for his part in the ''Quit India Movement'' and in 1945 he defended Indian National Army soldiers under trial for treason in Singapore. He became a Trade Union worker and was elected to the provisional parliament in 1950 and then to the Lok Sabha from 1952-57 and again since 1977. He was Minister for Industry and Labour in the Tamil Nadu Government from 1957-67 and a Member of the Planning Commission from 1967-71. He has been Managing Editor of the ''Labour Law Journal'' since 1971.

He was a Member of the Indian delegation to the UN General Assembly from 1953-61. He was appointed Minister of Finance in January 1980 and Minister of Defence in January 1982.

Venkataraman made his mark during his period as a Tamil Nadu Minister and gained much of the credit for the successful industrial development of the state in the 1960s. He split with Mrs Gandhi in 1969 but returned to her faction of the Congress in 1976. Venkataraman is a quiet spoken dignified man who has the respect of his staff. He is probably the only Union Cabinet Minister at present who is independent minded enough to make a mark of his own and while in the Ministry of Finance he wielded a major influence on economic policy. He successfully resisted Sanjay Gandhi's encroachments during the early days of the present Government. His eyesight is not good and his transfer to Defence is possibly in deference to his health problems.

Married with 3 daughters.

PRIME MINISTER'S MEETING WITH MR R VENKATARAMAN, INDIAN DEFENCE
MINISTER, 1800 ON MONDAY, 6 NOVEMBER

Background

General INDO-BRITISH RELATIONS

1. Indo-British relations are traditionally close and are better now than for some time. Trust and confidence have greatly improved over recent years. Mrs Gandhi's visit to London to attend the Festival of India in March 1982 was a marked success. The importance which HMG attaches to the relationship with India has resulted in a steady flow of visits on both sides.
2. Indo-British trade has grown rapidly in recent years and British companies are currently involved in a number of major projects in India, some of them part aid-funded. The UK is India's largest net bilateral aid donor and India receives the largest proportion of UK bilateral aid (roughly a quarter).
3. British defence relations with India are cordial but ^{not}/extensive. Closer association is hampered by the security implications of India's continuing links with the Soviet Union - even though these based on pragmatism rather than ideology. Nonetheless, we provide a significant element of training for Indian personnel in the UK, and recent ship visits to India have improved ties between the RN and IN. It is, however, in the defence sales and wider commercial contexts that India is of particular importance to the UK. The Secretary of State for Defence paid a successful visit to India last September.
4. A RN Task Group led by HMS INVINCIBLE conducted a series of visits to India (Bombay, Cochin, Goa) from 10-18 October. The high point was a sea-day aboard INVINCIBLE, attended by Mr Venkataraman, at which INVINCIBLE's Sea Harriers and Sea Kings put through their paces. The extent of current good-will between IN and RN demonstrated

May this year. HMS AMBUSCADE in collision with USS DALE in Indian Ocean. Urgent repairs needed, carried out at Bombay. Indians proved most helpful.

Defence Sales

5. Over past two years there has been a major change in India's policy of defence equipment purchases. They now look less to the Soviet Union and more to Europe as major suppliers. The most important recent development was the signing in July of the Sea King/Sea Eagle contract valued at £240m. Delivery is now under way of the first instalment of the 8 Sea Harriers the Indians purchased in 1979; one of the current topics under discussion is the training of the Indian Sea Harrier pilots at RNAS Yeovilton and certain problems that have occurred with the Pegasus engine. There are a number of important defence sales equipment prospects currently in discussion with the Indians. Details are at Annex.

Indian Ocean Zone of Peace

6. A proposal for an IOPZ in 1971 by Sri Lanka was backed by India and the Non Aligned Movement. There are implications for naval activities in the region, with Diego Garcia a prime consideration for the UK and US. There have been hints from Indian officials that India is reconsidering its position on IOPZ, but may still be interested in calling a conference to discuss the way forward.

MEMORANDUM OF UNDERSTANDING

7. Discussion continuing with Indians for last 12 months on preparation of a general "umbrella" defence Memorandum of Understanding (MOU) covering research and development, equipment production and related subjects. Indians keen to sign MOU since they hope to tie us to undertaking which should apply to all future sales (and they may wish it to be retrospective as well). We do not wish to give offence by seeming unenthusiastic, but we are anxious to avoid making

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commitments that we would not wish to fulfil in practice. It should, however, be possible to achieve a text acceptable to the UK.

ANNEXSea King/Sea Eagle

Contract for 20 Sea King helicopters with Sea Eagle missile was signed in July, supported by a Government to Government Memorandum of Understanding. To aid British industry, the Prime Minister personally intervened with Mrs Gandhi to counteract severe pressure from the French competition.

Sea Harrier

The Indian Navy have purchased 8 Sea Harriers, all of which should have been delivered by RNAS Yeovilton to train Indian pilots - but to date only 2 have arrived. Engine surge problems have delayed delivery of the other 6 but has been solved. Currently British Aerospace and Indian Government are negotiating for acceptance of remaining aircraft. A further contract for 12 may be considered shortly.

Combat Engineer Tractor (CET)

A CET was tested in Rajasthan for two months this year; with the exception of minor problems, the vehicle performed well. The Indian Army has initial requirement for 50 with possible further buy of 250.

FH70 Field Howitzer

FH70 has been tested in India in competition with French, Swedish and Austrian firms.

Light Combat Aircraft (LCA)

Rolls Royce BAe have forwarded proposals for a joint Indian/UK development of the LCA, based on the RB199 engine. The proposals have been reportedly favourably received.

Airborne Early Training Aircraft (AEW)

The Indian Air Force, and possibly the Indian Navy, has a requirement for an aircraft with AEW capability. AEW Nimrod is a long term requirement and may in any case prove too expensive. Both Marconi and Ferranti have submitted proposals for AEW equipment for the HS748/Coastguards.

Susan



10 DOWNING STREET

John: ²⁸/₁₀

INDIAN DEFENCE MINISTER.

MOD tell me that when Mr. Venkataravanan visits the P.M. on 7th. November, he will probably bring a small gift. Someone will try to let us know what it will be in due course.

Susan.

28.10.83