

CONFIDENTIAL

2453 - 1

DD 050330Z NEW DELHI

GRS 574

CONFIDENTIAL

DESKBY 050330Z

FM FCO 041645Z JAN 85

TO IMMEDIATE NEW DELHI

TELEGRAM NUMBER 14 OF 4 JANUARY

YOUR TELNO 010: INDO-BRITISH RELATIONS.

1. WE AGREE THAT IT WOULD BE VALUABLE FOR YOU TO SEE ALEXANDER IN ORDER TO SMOKE OUT THE INDIAN POSITION BEFORE WE DECIDE ON FURTHER ACTION.

2. WHEN YOU SEE HIM YOU SHOULD SAY THAT WE APPRECIATED THE ASSURANCE GIVEN BY RASGOTRA (YOUR TELNO 1087) THAT POSTPONEMENT OF MINISTERIAL VISITS WAS DUE ONLY TO ELECTION-RELATED REASONS, AND WAS NOT AN EXAMPLE OF INDIAN GOVERNMENT ACTION AGAINST THE UK. WE NOTE THAT THERE ARE NOW RUMOURS, WHICH APPEAR TO HAVE ORIGINATED IN DELHI, AND ARE WIDESPREAD AMONG BUSINESSMEN AND JOURNALISTS, THAT DELAYS IN COMMERCIAL NEGOTIATIONS ARE DUE TO THE GOI IMPOSING TRADE SANCTIONS AGAINST THE UK. WE HOPE THAT YOU CAN OBTAIN FROM ALEXANDER AN ASSURANCE SIMILAR TO RASGOTRA'S EARLIER ONE, THAT THIS IS NOT (NOT) THE CASE.

3. IF ALEXANDER GIVES SUCH AN ASSURANCE, YOU SHOULD NOTE THAT THE RUMOURS COULD CAUSE DAMAGE NOT ONLY TO OUR BILATERAL RELATIONS BUT TO BUSINESS CONFIDENCE IN INDIA. WE PRESUME THAT THE GOI THEREFORE INTEND TO DENY THE RUMOURS FIRMLY AND PUBLICLY, AND THEY WILL NO DOUBT WISH TO ADD POINT TO THEIR DENIAL BY TAKING CONCRETE ACTION WHICH WOULD PUT THE MATTER BEYOND DOUBT. AN EARLY RESUMPTION OF THE VARIOUS DELAYED NEGOTIATIONS WOULD SERVE TO KILL OFF THE RUMOURS.

4. YOU SHOULD REFER IN PARTICULAR TO THE WESTLAND HELICOPTER CONTRACT. THE PRIME MINISTER HAD GIVEN AN ASSURANCE IN 1982 THAT THE UK WOULD USE ITS BEST ENDEAVOURS TO KEEP THE LEVEL OF AID TO INDIA CONSTANT. THE DELAYS IN FINALISING THIS CONTRACT FOR CIVIL HELICOPTERS, WHICH WERE IN NO SENSE THE FAULT OF THE BRITISH SIDE, WOULD JEOPARDISE THE LEVEL OF AID, FOR THIS AND FORTHCOMING YEARS.

1

CONFIDENTIAL

CONFIDENTIAL

2453 - 1

5. IF ALEXANDER SHOWS ANY DISPOSITION TO PREVARICATE, YOU SHOULD REFER TO THE PRIME MINISTER'S MESSAGE TO MR GANDHI (MY TELNO 978 OF 29 DECEMBER) AND SAY THAT, GIVEN THE CLOSE AND FRIENDLY RELATIONS WHICH WE HAVE ALWAYS ENJOYED WITH INDIA, WE WOULD EXPECT THE INDIAN GOVERNMENT TO BE FRANK WITH US ABOUT THEIR ATTITUDE AND INTENTIONS. IT WOULD BE INCONSISTENT WITH THE WAY IN WHICH RELATIONS BETWEEN US HAVE ALWAYS BEEN HANDLED TO ALLOW UNCERTAINTY TO PERSIST ABOUT SUCH AN IMPORTANT MATTER AS TRADE RELATIONS AND THE ATTITUDE OF THE INDIAN GOVERNMENT TOWARDS THEM.

6. SHOULD ALEXANDER ADMIT THAT TRADE SANCTIONS AGAINST THE UK HAVE BEEN IMPOSED, YOU SHOULD THANK HIM FOR BRINGING THE MATTER INTO THE OPEN. YOU SHOULD SAY THAT WE HAVE NEVER SOUGHT TO UNDERSTATE THE SERIOUSNESS OF THE PROBLEMS WHICH BOTH GOVERNMENTS FACE OVER THE BEHAVIOUR OF SIKH EXTREMISTS IN THE UK. YOU SHOULD REHEARSE THE VARIOUS OFFERS OF CO-OPERATION WHICH WE HAVE MADE TO THE INDIANS OVER THIS PROBLEM, OUR ACTION IN EXCLUDING JASBIR SINGH, AND OUR REQUEST FOR INDIAN ASSISTANCE WHICH COULD HELP US (PARA 4 OF YOUR TELNO 1028). YOU SHOULD SAY THAT WE FAIL TO SEE WHY THE SIKH PROBLEM SHOULD CAUSE THE GOI TO RETALIATE AGAINST US IN THIS PARTICULAR WAY. BRITISH COMPANIES ARE BOUND TO SUSPECT THAT THERE MUST BE OTHER REASONS INVOLVED. IF THE DIFFICULTIES THEY FACE ARE INDEED DUE TO PROBLEMS WITH THE SIKH EXTREMISTS, IT IS DIFFICULT TO SEE WHY, FOR INSTANCE, THE INDIAN GOVERNMENT DID NOT WELCOME THE PROSPECT OF EARLY VISITS BY BRITISH MINISTERS WITH WHOM THEY COULD DISCUSS THE PROBLEM IN DETAIL AND AT THE HIGHEST LEVEL.

7. GRATEFUL FOR YOUR RECOMMENDATIONS ON FURTHER ACTION (MY TELNO 004) IN THE LIGHT OF YOUR DISCUSSION WITH ALEXANDER.

HOWE

NNNN

DISTRIBUTION

LIMITED

SAD

PUSD

SCU

MVD

MAED

TRED

DEF D.

PS

PS/LADY YOUNG

PS/PUS

ADDITIONAL DISTRIBUTION

SUB CONTINENT

POLITICAL

ECONOMIC

- 2 -
CONFIDENTIAL