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D E S K B Y 161430Z

FM NEW DELHI 161300Z JAN 85

TO IMMEDIATE FCO

TELEGRAM NUMBER 071 OF 16 JANUARY

INFO IMMEDIATE DTI, ODA

MY TELNO 66: INDO-BRITISH RELATIONS

1. SO FAR SO GOOD. BUT NO CHICKENS ARE YET HATCHED. I AM SEEING THE FINANCE SECRETARY AT 170930Z AND WILL TRY TO SEE THE DEFENCE SECRETARY AS SOON AS POSSIBLE.

2. THE OPTIMISTIC INTERPRETATION (TO WHICH I INCLINE) IS THAT THE FOREIGN MINISTRY HAVE BEEN GUNNING FOR US: TOOK ADVANTAGE OF OUR UNPOPULARITY OVER CHAUHAN TO FORCE THE POSTPONEMENT OF SBAC AND BNEA AS WELL AS MINISTERIAL VISITS: GOT IT AGREED THAT NO BIG BUSINESS SHOULD BE DONE WITH THE BRITISH WITHOUT POLITICAL CLEARANCE: BUT HAVE NOW BEEN TOLD BY THE PRIME MINISTER THAT COMMERCIAL SANCTIONS ARE NOT IN FACT TO BE USED AGAINST US, AT LEAST FOR THE TIME BEING, AND THAT THE BAN ON VISITS IS NOT TO EXTEND BEYOND MARCH IN ORDER TO AVOID APPEARING DISCRIMINATORY. THIS ANALYSIS ACCORDS CLOSELY WITH G K REDDY'S (MY LETTER TO HEAD OF SADEPT OF 10 JANUARY): AND HE HAS OFTEN BEEN RIGHT BEFORE.

3. THE PESSIMISTIC READING IS THAT THE INDIANS PLAN TO GO ON HARASSING US ON BOTH FRONTS (VISITS AND CONTRACTS) WHILE DENYING THAT THERE IS ANY CHAUHAN CONNECTION. IF SO THEY WILL CONTINUE REFUSING TO SIGN WITH WESTLANDS, BUT WILL BASE THEIR REFUSAL ON COMMERCIAL OR TECHNICAL GROUNDS RATHER THAN POLITICS.

4. EITHER WAY, THE FOREIGN MINISTRY'S CAPACITY TO DO US MISCHIEF WILL REMAIN CONSIDERABLE. BUT IT COULD JUST BE THAT BHANDARI'S APPROACH WILL BE COOLER THAN RASGOTRA'S. I HAVE AGREED TO HAVE AN INFORMAL AND PRELIMINARY TALK WITH BHANDARI IN THE FAIRLY NEAR FUTURE: AND SINCE HE TELLS ME THAT RASGOTRA, WHO RETIRES ON 31 JANUARY, IS TRYING TO PULL OUT OF DAY-TO-DAY WORK I SHALL NOT (AS THINGS STAND) TRY TO SEE HIM AGAIN ON CHAUHAN UNLESS SUMMONED. I SHALL ALSO OF COURSE RESPOND IF PARTHASARATHY (WHO KEEPS VERY CLOSE TO ALEXANDER) REVERTS TO HIS WISH TO TALK ABOUT BILATERAL RELATIONS.

5. WE ARE OF COURSE BRIEFING PRESS CORRESPONDENTS, AS APPROPRIATE, THAT WE HAVE BEEN ASSURED BY THE GOVT AT A HIGH LEVEL THAT THERE IS NO CHAUHAN-RELATED POLITICAL OBSTACLE TO COMMERCIAL DEALS. WE ARE ALSO CONTINUING TO STRESS THAT WE ARE ASSURED THAT THE VARIOUS POSTPONEMENTS ARE RELATED TO ELECTIONS AND THEIR AFTERMATH RATHER THAN TO CHAUHAN.

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6. UNLESS WE OBTAIN EVIDENCE THAT THE PESSIMISTIC READING (PARA 3 ABOVE) IS CORRECT, I DO NOT THINK WE NEED TAKE FURTHER AT THIS STAGE THE IDEAS OF MINISTERIAL LETTERS OR HIGH LEVEL EMISSARIES. MR MICHAEL FOOT IS MEETING THE PRIME MINISTER THIS EVENING: I HAVE BRIEFED HIM ON MY TALK WITH ALEXANDER, AND WILL PASS ON TO YOU HIS REPORT. BUT EVEN ON THE OPTIMISTIC READING WE MAY BE ON BORROWED TIME. RAJIV GANDHI MAY BE READIER TO AGREE WITH FOREIGN MINISTRY ADVICE ON THE NEED TO PRESSURE US IF THE WEEKS ROLL BY AND WE STILL FAIL TO TAKE ACTION. MUCH WILL DEPEND ON THE PROGRESS OF THE COOPERATION BEING DEALT WITH [REDACTED] AND ON WHETHER WE GET FURTHER JASBIR SINGH TYPE CASES, AND HOW HMG AND THE BRITISH COURTS THEN REACT. SO WE COULD WELL FIND OURSELVES BACK IN LETTER OR EMISSARY COUNTRY BEFORE TOO LONG.

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