

cc Soviet Union; PM's
attendance 2 funeral;
May 1984.

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From the Private Secretary

13 March 1985

Dear Sir,

Meeting between the Prime Minister and the Prime Minister of
India on 13 March at 1900

The Prime Minister met Mr. Rajiv Gandhi in the British Embassy, Moscow on 13 March. Mr. Gandhi was accompanied by Mr. G. Parthasarathi, Chairman of the Policy Planning Committee, Mr. Norul Hassan, Ambassador to the Soviet Union; Mr. Romesh Bhandari, Foreign Secretary; and Mr. C.R. Gharekhan, Additional Secretary, Prime Minister's Office. The Foreign Secretary was also present.

The Prime Minister congratulated Mr. Gandhi on the results of the national and local elections. Mr. Gandhi said that in the local elections his party had done well where it had good leadership.

Mr. Gandhi said that he faced two main problems: the Sikhs and Sri Lanka. On the Sikhs, his Government had taken some initiatives. They had released all the leaders except for two. He hoped they would be ready to be constructive. He recognised that they needed some concession from the Government to save their face. He would do his best to find something. The Prime Minister welcomed these steps, but said that it was essential never to give in to violence. She understood that the Sikhs responsible for hijacking an Indian aircraft were currently on trial in Pakistan. This should help.

Mr. Gandhi said that, as regards Sri Lanka, he had telephoned President Jayewardene after the Parliamentary elections and asked him to visit Delhi or send an emissary. The emissary, Mr. Atulathali, had visited Delhi about a month ago and they had had quite a good talk. It had been agreed to try to diffuse the situation by a series of steps to be taken by both India and Sri Lanka. Subsequently, the Sri Lankan Government had sent a message outlining the steps which they might take. The Indian Government was working on

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theirs. President Jayewardene wanted the Indians to move first: Mr. Gandhi thought it better for both sides to move in parallel. But the real difficulties would come when the Sri Lankans had to reach a political settlement. Meanwhile, the situation was getting worse and some 16,000 refugees had arrived in India last month. Sir Geoffrey Howe said that he had seen the Sri Lankan Foreign Minister and Defence Minister recently. They had wanted the United Kingdom to help but we were not in a position to do more than give advice. It was clear to him that they would be very appreciative of any help which India could give. They had thought that they were getting on quite well with their efforts towards a political settlement before Christmas and had been disappointed when the Tamils had withdrawn from the talks. Mr. Gandhi said that it was not quite like that. President Jayewardene had made the mistake of presenting a cut and dried solution.

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The Prime Minister said that she remained very concerned about the situation in Afghanistan. More Soviet troops had been sent in. Did Mr. Gandhi see the Soviet occupation as a de-stabilising factor for India? Mr. Gandhi replied that it was not directly de-stabilising, but it meant that Pakistan was able to acquire more weapons which India then had to match.

The Prime Minister said that she was pleased that Mr. Gandhi was going to the United States. She had urged the American Administration to make strenuous efforts to help him. She remembered that Mrs. Gandhi had complained that American words were not matched with practical help. She hoped that President Reagan would prove more generous.

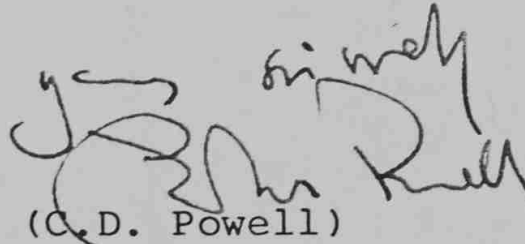
The Prime Minister asked Mr. Gandhi's impressions of Mr. Gorbachev. Mr. Gandhi said that he had quite liked him. The Prime Minister gave an account of her talks at Chequers. One had to remember that Mr. Gorbachev had no concept of how a free society worked.

The Prime Minister said that she was glad to hear that Ministerial visits by her colleagues to India were going ahead. She understood, however, that there were still problems over Westland Helicopters. Mr. Gandhi said that the "technical chaps" were giving problems. They preferred a French helicopter. The Westland one was too big and consumed more fuel though it was cheaper to operate per seat. The real trouble was that it did not quite meet the particular needs and it was an untried model. But the matter was not settled yet. The Prime Minister said that this posed serious problems. She had thought that the technical difficulties had been overcome. She wished someone had been as frank with us before. We had assumed that signature was only days away. She would have another look at the project on her return to London. Mr. Gandhi said that he, too, would have another look. Sir Geoffrey Howe said that the view in London was that the Indian Government had accepted the purchase in principle and on this basis the helicopters had been manufactured. The only problem of which he had been aware was to get the signature of the contract before our financial year ended on 31 March to avoid a shortfall on this year's aid budget. Mr. Gandhi said that the Indian Government would look at the project before that and he would get back to our High Commissioner.

Mr. Gandhi asked whether the Prime Minister would go to New York for the 40th anniversary celebrations of the UN. The Prime Minister said that this would depend on timing in relation to the Commonwealth Heads of Government Meeting. But if the two events dovetailed she would be inclined to go. We should strengthen the UN. Mr. Gandhi agreed. The UN was going through a bad period.

Mr. Gandhi said how much he was looking forward to seeing the Prime Minister in Delhi at the end of her tour of South East Asia.

I am sending copies of this letter to Callum McCarthy (Department of Trade and Industry), Rachel Lomax (HM Treasury), Richard Mottram (Ministry of Defence), Hugh Taylor (Home Office) and Richard Hatfield (Cabinet Office). Could it please be given only a very limited distribution in each Department. The Prime Minister attaches particular importance to preserving the confidentiality of her exchanges with Mr. Gandhi.


(C.D. Powell)

L.V. Appleyard, Esq.,
Foreign and Commonwealth Office.