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FOREIGN SECRETARY

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You minuted the Prime Minister on 24th May making various proposals as to how we should react in this period of tension between India and Pakistan and subsequently if, as we all hope does not happen, conflict should break out. As I said in my minute of the 1st June I agree with the broad thrust of your proposals.

2. One of your detailed recommendations was that we should endeavour to avoid any future sales of lethal equipment direct from Government stocks to either Pakistan or India. We have tried to do this and for two current sales prospects to India (the cluster bomb and barmines) and one to Pakistan (depth charges) we have been able to meet our obligations to those countries by supplying the manufacturer with some equipments surplus to our current requirements. The sale is then between the manufacturer and the country concerned. We could not withdraw altogether from this arrangement without causing great offence to India and Pakistan and long term harm to our defence sales interests.

3. However, before the current tension arose over Kashmir we had in fact made an offer to the Indians under our normal surplus disposal arrangements for a range of ship stores including some Orlikon guns and unfused shells. It would be very difficult to withdraw this offer now and I propose to treat these as achieved rather than future sales and to supply them direct from MOD stocks.

SECRET

SECRET



Equally, we are in the normal way, about to offer to the full range of countries, including India and Pakistan, some surplus Royal Navy ships. These would not become available until the end of the year at the earliest, and are likely to require considerable refit work putting back their delivery date even further. It would be potentially damaging to our relations with India and Pakistan to omit them from this offer when they are, by tradition, normally offered such ships. In view of the long timescale of this I have instructed that the offer brochure be sent to all the normal countries.

4. There are, however, two prospective sales on which we have not yet made a firm offer but which it would also be very difficult to withdraw from or to divert to a commercial supplier.

5. First, we have been discussing with the Pakistan Navy the sale of 50 rounds of anti-submarine Mk 10 mortar shells. Our discussions started before the current bout of tension over Kashmir. The direct sale of these shells is covered by the memorandum of understanding we signed with Pakistan on the sale of the Leander Frigates. In the course of the discussions we have already made clear that we have these shells surplus to our current requirements and could therefore supply them. Our Naval attache in Islamabad has reported that the Pakistan Navy is upset by the already long delay in this sale. They are bound to react very badly if there is a further delay because of the Kashmiri situation or if we were to suggest that they, contrary to the terms of the Leander MOU, should now seek the mortar shells through some third party. They would see no logistic sense in such an arrangement and we could give no convincing explanation for it particularly since they bought some mortar shells directly from us some while ago.

SECRET



6. Second, the Pakistani Navy has also asked to purchase direct from us 12 SEACAT missiles under their normal MOU arrangements. We would normally be able to make these missiles available without immediate detriment to RN capability and the Pakistanis may well have a shrewd idea that this is so. There is little advantage in trying to divert the enquiry to Shorts since that company does not have any off the shelf SEACAT missiles and would in any case require to divert any SEACAT missile packs back to the MOD for assembly and proofing. Although we might be able to devise an arrangement whereby they appeared to be routed through the Company, this would cost Pakistan more and again they would see no logistic sense in such an arrangement.

7. In both these cases I believe we would stand to lose more than we would gain by refusing to allow direct sale. We would be seen by Pakistan certainly to be running counter to the spirit of the MOU we have with them. This could only be to our longer term disadvantage in relation to future sales.

8. I hope therefore that you can agree that we should proceed immediately with these two direct sales. We for our part would continue to seek to minimise direct sales of lethal equipment to either India or Pakistan. Where this is not practicable because of our MOU obligations or because of pre-existing arrangements, I believe that we have no alternative but to allow direct sale - but in as low key a way as possible. I should add that I do not know of any additional and imminent request for a direct sale from UK stocks. This is not an entirely comfortable position, however, and I believe that MOD and FCO officials should immediately review the

SECRET



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general position if the situation over Kashmir changes for the better and certainly in the Autumn when we may see more clearly how things are developing.

9. I am copying this minute to the Prime Minister and to Sir Robin Butler.

A large, stylized handwritten signature, possibly initials, in black ink.

Ministry of Defence
9th July 1990

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