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Memorandum of Conversation

MADE IN S/S-I.

Date November 12, 1976

In NODIS cu

DATE: October 12, 1976

SUBJECT: The Secretary's Meeting with Indian Foreign Minister Chavan  
DATE, TIME, AND PLACE: October 8, 1976, 10 A.M., Secretary's Suite, Waldorf Astoria Hotel, New York City

PARTICIPANTS:

U.S.

INDIA

The Secretary  
Under Secretary for  
Political Affairs Habib  
Assistant Secretary Atherton  
Dennis Kux, NEA/INS (notetaker)

Foreign Minister Chavan  
Ambassador-designate Kewal Singh  
Secretary, Ministry of External  
Affairs Vellodi  
Embassy DCM Venkateswaran  
First Secretary (Political) Rajan  
(notetaker)

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(As the group was settling down, Ambassador-designate Kewal Singh joined the Indian side, coming directly from Kennedy Airport.)

Secretary: We are delighted with his appointment. We have enjoyed working with him in the past and have very high regard for him. When can he present his credentials?

Atherton: We are trying to work this shortly.

Secretary: Are you here to stay?

Ambassador: Yes.

Secretary: Why can't we do this in the next week or so? When is the next presentation?

Atherton: I don't know precisely.

Secretary: Maybe we should do it in the Rose Garden. Let me talk with the President. How many people are waiting?

Atherton: Half a dozen or so.

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GDS

*Allen*  
10/24/78

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Secretary: You see, what Atherton is telling me is to stay the hell out of this.

Habib: The only way we can get it done is for you to get in it.

Foreign Minister: How long will you stay in New York?

Secretary: I am leaving tomorrow.

Foreign Minister: I am really pleased that Kewal Singh can attend the meeting. This is a good beginning to meet the Secretary on his first day in the United States.

Secretary: Your Ambassadors don't usually have much trouble seeing me even when our relations are troubled. You look fine. Can you sleep on the plane? I can't. I can sleep during the day but I don't like to fly at night. I can never sleep on a commercial plane. Sometimes I can rest a little if they have a bunk.

Foreign Minister: It was a very bad flight. We were delayed 17 hours but I must confess I was praying that we would be here in time for the meeting.

Secretary: How did you come? By Concorde?

Ambassador: I came by Air India. I rushed straight from the airport here.

Secretary: Well, you couldn't look fresher. Did you watch the debate? What did you think?

Foreign Minister: Yes, I did. What's the use of my views? I can't vote. I found it interesting.

Secretary: I am glad there are no other foreign policy debates. It is bad for my nerves. I just want both parties to forget me. I am adopting a policy of non-alignment.

(Laughter)

Foreign Minister: Shall I start raising my points? I am very pleased to meet you. I thought it would be easier to talk here in New York instead of coming down to Washington. Looking back since we met a year ago, I think Indo-U.S. relations have done reasonably well. I think we have

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made progress toward putting things on a more stable basis. The credit goes to both countries. This is the basic point I would like to make.

A most important contribution has been made by the idea of having a Joint Commission. This mechanism has helped insulate our activities from the ups and downs of political changes. The work of the Joint Commission has made a contribution. Maybe some parts of the Commission have had problems, but on the whole my people tell me that things are proceeding, although I don't want to overdo the progress that is being made by the Sub-commissions.

As you will recall, we have three of them: Science and Technology, Education and Culture, and Economics and Trade. Now we think the Science and Technology group has gotten off to a good start. It has identified many areas of potential cooperation. It has done particularly good work in the energy field. They had a very good solar energy conference. I know it was not possible to have a Joint Commission meeting.

Secretary: Yes, because the next one needs to be in India.

Foreign Minister: But our impression is that the financial input on the U.S. side has not been fully forthcoming to fund various projects.

Secretary: What is this?

Atherton: The problem is that most agencies have to finance programs out of their budgets. This is a normal limitation.

Secretary: But what does this mean in practice with regard to India?

Atherton: I don't know the specific details off the top of my head.

Secretary: Do you have some specifics?

Atherton: There has been a problem with the cultural group.

Foreign Minister: Yes, that is the one.

Atherton: The difficulty relates to a program for an exchange of scholars. This comes out of the CU budget which has been cut.

Foreign Minister: The Education and Culture group has not done much work. This is a problem area. Things need to be expedited.

Secretary: Well, you will get a lesson on how our government functions. Only now I have a glimmer after three years in office. Things get done because of a series of treaties between different bureaus.

Habib: Ambassador Kaul raised this with me a couple of weeks ago.

Secretary: That's just my point. You didn't tell me.

Habib: The first thing is to get the budget increased. We will try to do this. If we have trouble with OMB, we may need your help.

Secretary: You see, you don't tell me unless you need my help. I think someone might do a paper telling me what happened.

Habib: We heard about it several weeks ago.

Secretary: My view is that if we want to hold up something for policy reasons and I decide we should do this, that's all right, but we should not hold things up because of incompetence. Give me a memo by the end of the day telling me what happened.

Habib: Yes.

Foreign Minister: This group has yet to find its direction. We will try on our side. As you know, Mr. Parthasarthy headed the Indian side.

Secretary: I was impressed by all the chairmen when we met last year.

Foreign Minister: On the Economic Subcommittee our main interest is in trade. Even with the increase in trade, we are still only 0.7 percent of U.S. imports. That's a small share. There is still much that can be done but the group is working on it.

The Business Council led by Orville Freeman came to India. They had a good meeting but some government support is needed for the Joint Business Council. Frankly, we feel that there was coolness on the official side toward the Business Council.

Secretary: Do you mean on the part of our Embassy?

Atherton: We were not aware of this.

Foreign Minister: Yes, the Embassy simply let them come and go.

Secretary: Was this in Washington?

Atherton: No, in Delhi.

Foreign Minister: Members of the Joint Business Council were happy.

Secretary: But your view is that our Embassy didn't do enough?

Ambassador: That's right, the people from the U.S. were happy but the Embassy was not helpful.

Secretary: Is the next meeting in Washington? We will keep an eye on this.

Ambassador: Trade is the key element in the economic area and we hope the U.S. will be able to help us to expand trade and lower trade barriers and restrictions. This will be a big help in relations.

Foreign Minister: Now I think the Joint Commission on a whole has made progress. It is doing a good job and I don't want to overdo these comments which should merely be regarded as footnotes.

The next subject is the question of fuel supply at Tarapur. You and your Administration have taken a correct stand. We appreciate this, even though we are not sure about the future. As you know, the plant is located in the most industrialized part of India. It provides about 15 per cent of the power for Maharashtra and Gujarat States. If we do not get an assured power supply, it will badly affect our industries. I would greatly appreciate your assessment.

Secretary: Part of the problem is an internal U.S. matter. At present the NRC has the autonomous right to decide licensing. If this continues, there will be profound implications for our nuclear export policy. No country will be sure of getting fuel from us since the NRC will be able to change the criteria. My position is that countries living up to their agreements with us should be assured of their fuel

supply and we should not change the provisions of the agreement after the fact. The bill we were supporting with the Congress would have put the NRC under Executive Branch control. The President's nuclear proposals will also call for this. Other countries need the assurance they will get fuel. Otherwise, they will seek alternate fuel supplies or develop their own, thereby magnifying the proliferation risks.

Now, India is caught in this problem with the NRC which is trying to impose additional conditions. The Administration does not approve of your proliferation, but is opposed to using licenses as a way to impose a new condition. When the new act passes, we will be able to enforce our view on the NRC.

Atherton: The immediate issue in negotiations relates to the exploration of the return of spent fuel to the U.S. Dr. Sethna and Myron Kratzer have been discussing the buyback arrangement.

Foreign Minister: For whatever reasons, whether your political or domestic problems, we don't believe we should be subsidizing you to return the spent fuel.

Secretary: If you think we are difficult, wait until Carter comes in, if he does. Unless his mother has special influence on him, you are in for trouble.

Foreign Minister: We would like some guarantee that we will get the fuel. As far as this supply is concerned, it is fully protected by international safeguards. We did not know that the buyback would involve a heavy subsidy. Why is this?

Atherton: The whole question is being discussed.

Foreign Minister: The costs are absolutely prohibitive.

Ambassador: The point is that both sides should honor their obligations. We are worried whether there will be an interruption in the fuel supply.

Foreign Minister: Our position has been that the buyback should be considered but not a subsidy.

Atherton: The agreement provides for the buyback but does not provide any financial details. That is why we are discussing the question of costs. What are the figures?

Kux: Returning the existing spent fuel stored at Tarapur will cost about \$12 million. Thereafter the running cost each year for the return of spent fuel will be about \$3 million.

Foreign Minister: Why are you insisting on the buyback?

Secretary: Our concern is not to have reprocessing in India.

Vellodi: Part of the problem is that at the time we built Tarapur with American help, we also put up a reprocessing plant. You knew about this then and helped us. Otherwise, there was no point in building the reprocessing plant. The return of the spent fuel makes the reprocessing plant useless. We have written you a letter asking for a joint determination on the safeguardability of the reprocessing plant. It is true the buyback provision is in the agreement. But this speaks of material in excess of our needs. It doesn't talk of all the spent fuel. This would be a departure from the agreement. It would put the reprocessing plant out of business. It would be uneconomical to transport spent fuel there from Rajasthan so we have a problem. But we would also like you to take the spent fuel, especially now since we have inadequate storage space.

Atherton: This gets back to the basic problem which, as the Secretary indicated, relates to the NRC. They have insisted on buyback if we want them to approve the license.

Foreign Minister: I would like to go on to area problems.

Secretary: We need a basic determination in our own government. I don't like the situation where we impose conditions on agreements afterwards. This makes proliferation more likely. My inclination is to find alternate solutions but the NRC is totally independent. We need to get the law changed. Right now we have no discretion unless the law can be changed. You know, some of the people, that worked for me are now on the NRC. Kennedy is there, also many others who used to work for me are with Carter. But they are second raters.

Foreign Minister: How about Pakistan? You must have heard about the new package agreement. This went off very well.

Secretary: We welcomed it.

Foreign Minister: There was also a plane hijacked recently in Pakistan. The Pakistanis acted correctly in returning the plane but they did not return the hijackers.

Secretary: Oh?

Foreign Minister: They say they are looking into the matter but don't know who did it or why they did it.

Secretary: Didn't the hijackers tell the passengers?

Foreign Minister: Not really. Apart from this the only problem is that Bhutto continues to talk about Kashmir. They raised this again at the U.N. We had to reply. When we met in 1975, the question of arms came up. You were good enough to write me and gave me assurances.

Secretary: We kept these.

Foreign Minister: Yes, that is right, you kept them. But now we hear rumors about sales of more sophisticated weapons. We are not concerned about nuclear weapons but the supply of conventional arms will create problems for us, such as A-7s.

Vellodi: Also Sidewinders.

Foreign Minister: This is one point I would like to make. We appreciate what you have done. This has been helpful and the package with Pakistan went through because there was no trouble in the arms supply field. We think you should maintain this position.

Secretary: We have not made a decision on supplying more advanced weapons. Occasionally we get requests but no decisions have been made. There are two problems. When you look at the military situation, there is no foreseeable level of U.S. arms supply to Pakistan that would redress the military balance. We have no interest in changing the situation in the subcontinent or in producing a balance of power situation in South Asia. This would force us into a massive supply arrangement and would produce an inevitable reaction on your part. I can foresee no circumstances where we would do this.

The second problem relates to Pakistan's giving up its reprocessing plans. If they do, we think we could ease



some of the supply policy limitations. In the absence of Pakistan's making concessions in the nuclear area, however, I do not foresee any changes in the arms supply field, except perhaps some minor ones. I have told the Pakistanis that if they are willing to forego their nuclear plans, we would be able to expand our conventional arms supply.

The weird thing about this is that Pakistan cannot establish a conventional arms balance. Even with the A-7s you are bound to win any war, but if they get nuclear devices there will then be a balance. Frankly, we are trying to get them to give up the idea. If I were the Prime Minister of Pakistan, I would do exactly what Bhutto is doing. Not listen to me. I made some strong public statements in Lahore which did not make me very popular there. If they get 10-15 nuclear devices, whatever they are called, the effect will be to make India and Pakistan equal. Thus, in a funny way, your getting nuclear devices produced a situation in which equality is again possible where it was not possible through conventional weapons.

Foreign Minister: Perhaps that is so in the long term but our thinking is that conventional weapons supply from the outside is a greater threat to instability in the area right now.

Secretary: Would you apply that also to the Soviet supply of arms to India?

Foreign Minister: Why not?.

Secretary: Our position is as I stated that unless Pakistan makes significant concessions in the nuclear area, we will not have a basis for an expansion of our arms supply.

Foreign Minister: They already have more than they need.

Secretary: Not enough against you.

Foreign Minister: But our needs are different.

Secretary: Our position is that we are not going to stir up an arms race in the subcontinent.

Foreign Minister: Your restraint has been helpful. We see the political dividends in the package agreed with Pakistan.

Secretary: Frankly, turning away from arms questions, I am not so conscious as you that our relations have improved.

Foreign Minister: Well, they haven't deteriorated. They have been stable.

Secretary: Yes, I guess so.

Foreign Minister: We have been dealing better with problems and avoiding troubles.

Secretary: If I were to make an assessment, we have gone back from the level reached in October 1974 when I was in Delhi but not as far back as 1971. The combination of your nuclear action and domestic developments about which I don't comment has created problems. There have also been public statements of some of your leaders about the U.S. although these have been muted recently. Now that you have press control, you can no longer talk about these as spontaneous.

Foreign Minister: There are also some irritants on our side. There are the Fraser hearings on human rights in India. It was an exercise to keep the Indian Parliament quiet.

Secretary: As I have said publicly, I am in total disagreement with Fraser. He would make us the world's policeman. There are certain human rights which are important.

Foreign Minister: One of the people who appeared, Jethmalani is now boasting he has gotten asylum in the U.S. for criticizing us.

Secretary: It is inevitable that the Fraser Committee hears witnesses who are violently opposed to the government in power. You are not the only case. Every time I see a Foreign Minister, he has some complaint. We certainly would not take kindly to India's holding hearings on civil rights in the U.S. These hearings are superficial. It is an outrageous procedure.

You are now suffering the reverse of the romanticism of the 1950's and 60's. I took a more sober view of relations then. I do now. I try to hold to the view that our relations are not based on internal affairs but on your external policy. India is an increasingly important country and we have to deal with the realities. It is

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precisely for that reason that we have not gone on a crusading venture. We do take seriously, however, what you say about CIA and allegations of U.S. interference or destabilization. I told you when I was in India that if you find any American interfering with your affairs, we will get him out in 24 hours.

I am also concerned about the trend in the non-aligned movement. It cannot be that on every issue we are wrong and the Soviet Union is right. Why does the so-called non-aligned movement parallel the Soviet viewpoint on every issue? Look at the record of the Colombo Conference.

Foreign Minister: That is not so. On many issues we have independent views. We took account of U.S. sensitivities at Colombo. You made your points to us on Puerto Rico and Korea and we acted accordingly.

Secretary: Did India reserve?

Foreign Minister: Yes, we took into account your sensitivities quite deliberately.

Secretary: As long as this is done, we do not ask for more.

Foreign Minister: We made these decisions deliberately.

Secretary: We have also taken your sensitivities into account. This is shown in the way we have made our arms supply to Pakistan an essentially token affair.

Vellodi: Not only India but 23-24 other countries entered reservations at Colombo. I think this was a factor in explaining why the Korean issue has not come up in the UN.

Foreign Minister: The North Koreans tried to canvass on this and we told them we did not enter our reservation in a light-hearted manner.

Ambassador: In addition to moderating political issues, we have also placed a stress on moderation rather than confrontation in the economic field. In Lima the climate on the

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Puerto Rico issue changed after we switched our position.

Foreign Minister: Non-alignment is our fundamental policy but we are careful in the presentation of issues that we strengthen not weaken the movement.

Secretary: It is odd when a bloc which has more than half of the U.N. membership tries to bind members before the U.N. session. This introduces a new reality in the UNGA.

I can't understand why Cuba and North Korea are in the Non-Aligned.

Foreign Minister: There are some members in the Non-Aligned who are your friends also.

Secretary: Who?

Foreign Minister: I don't want to name names, but you know.

Secretary: The basic point to keep in mind is that you show awareness for our sensitivities. We don't ask for your support. We ask that you just keep our sensitivities in mind.

Foreign Minister: I would like to mention Bangladesh.

Secretary: We can't give arms to Pakistan because we need them for Bangladesh. (Laughter)

Foreign Minister: We are interested in a prosperous and stable Bangladesh.

Secretary: You can't say I didn't warn you in 1971. It is in the nature of Bengali nationalism and the inevitable consequences of a small state confronted by a powerful neighbor that causes trouble. We face it too. We tell Bangladesh they should seek their future in friendly relations with India. It is inconceivable for us to play games with Bangladesh.

Foreign Minister: They are trying to imitate others. The Farakka Barrage is essentially a technical problem. They are trying to internationalize it. We offered a good solution.

Secretary: But they say it is not a good solution.

Foreign Minister: They say no to our proposals, but don't say why. We need to get the technical people talking. Your advice to

Bangladesh would be most useful.

Secretary: We have no interest in getting into the middle in this problem. We are not interested in Bangladesh's becoming an irritant to India, but we do hope that you can find a generous solution.

Foreign Minister: We made a generous offer, but they are making an impossible proposal. They want to set up a storage system throughout the Ganges. They are also running around in the U.N.

Vellodi: When their delegation came to India last month, we said we were willing to share the water of the Ganges during the lean months more or less equally. They said no.

Secretary: What is your position now?

Vellodi: The problem exists only in the dry season.

Secretary: Are you taking all the water?

Foreign Minister: No, not all.

Ambassador: We are willing to be reasonable. We were taking more than half but are now offering about a 50-50 split. Look at the record over the years. First, the Pakistanis and then the Bangladeshis increased the amount of water they said they need. First it was 3,000, then 5,000, then 8,000, and finally 50,000 cusecs. Now they want all the water.

Foreign Minister: We offered 50 per cent. Last year we took 40,000 cusecs and gave them 15,000 cusecs.

Vellodi: In fact, although this was the formula, we only took 35,000 cusecs.

Foreign Minister: We need the water badly for Calcutta.

Secretary: We are prepared to use what influence we have with Bangladesh to encourage moderation and friendly relations with India. Tension can only create a messy situation. The two countries are so unequal that anyone getting involved would get no benefits and get badly burned. We are not interested in internationalizing this issue but it is another question for us to oppose inscription at the U.N.

Foreign Minister: It is already on the UNGA agenda.

Secretary: Our advice is for the two parties to negotiate between themselves. They should not expect us to take a position on the substance of the problem.

Habib: The item is inscribed and we will have to look at the resolution.

Secretary: Don't expect the U.S. to put forward a view on the substance or has some crusading expert already done so?

Habib: No, but we may have to say what is equitable.

Secretary: Why do we have to?

Mr. Minister, I enjoyed your coming in. The U.S. will not put forward a position on what is equitable. Of course, the side that has the dam has a substantial advantage. Although I have not studied the problem, I hope you will be generous.

Foreign Minister: There is only one more point. China. We took the initiative and they have responded. We have now exchanged ambassadors.

Secretary: They didn't criticize you in their speech at the U.N.

Foreign Minister: But they supported all our neighbors. We don't expect immediate results. We have hope and patience and will make the effort to improve relations with China. Could you give us your assessment on Southern Africa? We have only read about this in the newspapers and we don't know what to believe.

Secretary: We have had a fundamental breakthrough with Smith's acceptance of the principal of majority rule for Rhodesia and his agreement to negotiate for a constitution. Inevitably in Africa there are five presidents and four leaders of liberation movements who, of necessity, must demonstrate that they have earned independence on their own and cannot acknowledge that it has come through the U.S. There is much noise but they never say in their press statements exactly what they are rejecting. There is plenty of room left to arrive at a reasonable outcome.

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We made Smith be specific. We forced him to agree to things. We believe it would be helpful if there was less talk. The British should call a conference. The more theoretical discussion there is, the more trouble there will be. The fundamental breakthrough has been achieved. You know from your own experience that once a decision for independence is made, the remaining whites will have to adjust to the new realities. On the other hand, if the blacks push things beyond a certain point, they will create a panic. The Africans should accept the process which is giving them 80 per cent of what they want. This is what is happening in Namibia. The issue is how to disengage South Africa. If the terms are too difficult, the South Africans will be prepared to fight. South Africa says that SWAPO is a group of murderers but they are willing to have a U.N. conference in which SWAPO will participate and a delegation will come from Windhoek. There would also be a South African representative who will have responsibility to negotiate on the issues. Once the conference gets put together, the outcome is inevitable. What we cannot bring about, however, is to declare SWAPO the government today. We can only arrange for South Africa to negotiate this. There would be no great tragedy for the U.S. if war came to Southern Africa. But once a conference is assembled with South Africa, they will fix a date for independence. What other outcome would be possible? Perhaps one year. This would allow time for South Africa to adjust to the new situation. Some African leaders seem to understand this.

Foreign Minister: What time frame do you see?

Secretary: It would take about 6 weeks to call a conference. Independence should come in about two years. If the Africans decide to fight, they won't get their independence from South Africa in two years, and if they make too extreme demands, South Africa will decide that its future depends on retaining a link to Namibia.

Foreign Minister: The Africans told me they thought you would deal first with Namibia and then with Rhodesia.

Secretary: I thought so at first also. But Rhodesia turned out to be easier. I think this is practical. We are not asking you to do anything but to the extent you have influence, we hope you will use it to urge moderation. This would be appreciated.