



Department of State

TELEGRAM

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Classification

KAUL SAID HE SHARED THESE CONCERNS AND WE THEREFORE NEED TO DEVELOP IDEA CAREFULLY IN ADVANCE. HE RECALLED THAT PREVIOUS US-INDIAN ANNUAL DISCUSSIONS AT UNDER SECRETARY LEVEL HAD BEEN OF SOME USE IN TERMS ANNUAL TOUR D'HORIZON BUT HAD OFFERED LITTLE PROMISE OF PRODUCING MUCH BEYOND THAT.

4. FOLLOWING DESCRIPTION OF BURDEN ON INDIAN FOREIGN EXCHANGE POSITION GROWING OUT OF OIL CRISIS, KAUL TOOK NOTE OF FACT THAT INDIAN CONSORTIUM WOULD BE MEETING IN PARIS APRIL 9 AND MADE APPEAL FOR SYMPATHETIC US POSITION ON DEBT RESCHEDULING DURING THAT MEETING. HE ALLEGED THAT ALL OTHER MEMBERS OF CONSORTIUM HAD AGREED TO RESCHEDULING AND HE HOPED US WOULD NOT BE EXCEPTION. SOBER INDICATED THAT THIS MATTER WAS UNDER REVIEW WITHIN USG BUT REMINDED KAUL OF SOME OF PROBLEMS INVOLVED, PARTICULARLY STRONG CONCERN AMONG US CONGRESS AND PUBLIC STIMULATED BY ENERGY CRISIS THAT ASSISTANCE TO DEVELOPING COUNTRIES MIGHT SIMPLY BE SIPHONED OFF TO OIL PRODUCING COUNTRIES BECAUSE OF SHARPLY INCREASED PRICES FOR CRUDE. ACTING SECRETARY POINTED OUT THIS WAS A PRACTICAL POLITICAL DIFFICULTY WHICH HAD TO BE TAKEN INTO ACCOUNT, AS HE WAS CONFIDENT KAUL WAS AWARE.

5. IN DESCRIBING FOOD/CROP PROSPECTS, KAUL REVIEWED PROBLEMS FACING GOI IN OBTAINING COMMERCIAL FERTILIZER FROM US SUPPLIERS, NOTING THAT SUPPLIERS RENEGING ON COMMITMENTS BECAUSE OF PRICE RISES. ONLY ROUGHLY ONE QUARTER OF 250,000 TONS CONTRACTED FOR NOW APPEARED ASSURED OF DELIVERY- KAUL SAID HE HOPED USG COULD BE HELPFUL ON THIS MATTER.

6. ACTING SECRETARY EXPRESSED APPRECIATION FOR RELATIVE RESTRAINT ON PART OF GOI REGARDING DIEGO GARCIA. KAUL RESPONDED WITH EXPRESSION OF HOPE THAT USG WOULD BE SYMPATHETIC TO IDEA OF CONFERENCE OF LITTORAL STATES AND THOSE GREAT POWERS INVOLVED TO FOCUS ON NEED TO KEEP INDIAN OCEAN AN AREA OF PEACE. ACTING SECRETARY ASSURED KAUL THAT USG SHARED FULLY INDIA'S DESIRE AND PURPOSE IN SEEING INDIAN OCEAN AREA AN AREA OF PEACE AND STABILITY. IF WE DIFFERED IT RELATED LARGELY TO MEANS OF ACHIEVING THAT END. ACTING SECRETARY REVIEWED SITUATION IN INDIAN OCEAN AREA AS WE SAW IT, INCLUDING EXTENT OF SOVIET PRESENCE, AND EMPHASIZED LIMITED NATURE OF DIEGO EXPANSION PLANS. EXPANDED FACILITY WAS NOT A BASE IN TERMS OF MILITARY OPERATIONS. THUS IT WAS NOT SUITABLE NOR

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EQUIPPED FOR B-52 OPERATIONS. ITS PURPOSE WAS RATHER TO FACILITATE US NAVAL PRESENCE AND TRANSIT OF KIND WE BELIEVED ESSENTIAL TO OUR INTERESTS IN PEACE AND STABILITY OF AREA. INDEED HE ASSUMED IT WOULD NOT BE IN INDIAN INTERESTS TO SEE INDIAN OCEAN BECOME PROVINCE OF ONE MAJOR POWER.

7. KAUL SAID HE DID NOT WANT TO LEAD "CRUSADE" WITH RESPECT TO PROPOSAL FOR INDIAN OCEAN CONFERENCE. IN RESPONSE QUERY, HE SAID GOI HAD NOT "FORMALLY" PROPOSED SUCH CONFERENCE BUT HE HAD MENTIONED IT INFORMALLY TO THE SECRETARY. HE NOTED ALSO THAT UN AD HOC COMMITTEE ESTABLISHED PURSUANT TO INDIAN OCEAN ZONE OF PEACE CONCEPT WOULD BE MEETING SHORTLY AND WOULD PROVIDE ONE FORUM FOR FURTHER DISCUSSION. RUSH
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