

April 25, 1986

**Report, Embassy of Hungary in India to the
Hungarian Foreign Ministry**

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Summary:

Lengthy analysis of relations between the Soviet Union and India, covering diplomatic, military, economic, and cultural relations. Includes discussion of high-level meetings with politicians like Rajiv Gandhi and Ramaswamy Venkataraman; military supplies provided by the Soviet Union to India; and trade agreements between the two countries. Also discusses tensions caused by India's opposition to the Nuclear Non-Proliferation Treaty.

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Since our last report, the relations of the two countries [India and the Soviet Union] have continued to develop very extensively. High-level visits keep occurring, and an official, high-level contact has been established between the two ruling parties as well. The Indian side greatly appreciates the domestic and foreign policy of the Gorbachev leadership, and the political cooperation of the two countries has become stronger in the issue of disarmament. Due to several factors – such as the intensification of India's independent big power aspirations and the improvement of Indian-American and Sino-Soviet relations –, the factors which hinder cooperation have been brought to the surface to a greater extent than before. Despite the difficulties which have arisen, economic cooperation is becoming more extensive, and military relations are developing. The mutual festivals scheduled for next year are expected to be unprecedented social, political and cultural enterprises.

1.) High-level political meetings have continued.

Of these, Rajiv Gandhi's "unexpected" visit in Moscow in last October stood out. It took place after the Indian premier's attendance at the UN General Assembly and the Commonwealth summit, and the official visits he had paid to a number of countries. The importance of the visit was increased by the fact that the Indian premier visited the Soviet Union twice in half a year. He had multiple aims: to make the Soviet leadership familiar with the results of his visits, and gain information about the Soviet attitude towards the nearing Geneva summit. According to the information available for us, the Indian premier coordinated the new arms limitation proposals of the "Delhi Six" with the Soviet leadership, which met with the approval of the Soviet leadership. According to the available information, Rajiv Gandhi sought to gain the tacit support of the Soviet leadership for the development of India's nuclear armament on the grounds that Pakistan's nuclear program posed a threat to India's security. India did not get such Soviet support.

This January, a Soviet parliamentary delegation headed by V.V. Kuznetsov, an alternate member of the Politburo and the vice-chair of the Presidium of the Supreme Soviet, visited India, and attended the National Day celebrations. Kuznetsov was received at the highest level. At the reception held in honor of the Soviet delegation, Vice-President Venkataraman spoke warmly about the relations of "special importance" which "have passed the test of time," and about the Soviet assistance that enabled India "to build a strong industrial infrastructure and a self-sustaining economy." However, according to Indian journalists Kuznetsov took offense at the fact that the Indian side did not pay due attention to the Soviet disarmament program, which had been announced on January 15th, and was not sufficiently critical of the negative American conduct in the issues of disarmament.

High-level official relations have been established between the ruling parties. A CPSU delegation headed by CC member [Viktor] Afanasyev, the editor-in-chief of *Pravda*, attended the celebrations of the centennial of the Congress movement, which were held in Bombay in last December. Afanasyev was received by Rajiv Gandhi as well. The editor-in-chief of *Pravda* announced that Comrade Gorbachev would visit India within this year. Apart from the delegations of the Indian Communist parties, the delegation of the Congress Party – headed by Vice-Chair Arjun Singh, the second highest ranking leader of the party – also attended the XXVIIth Congress of the CPSU. The Indian politician discussed the state of bilateral relations with Gorbachev, and in the interview he gave to the Soviet press, he evaluated the work of the CPSU Congress and the Soviet efforts for disarmament very positively.

According to Soviet and Indian opinions, it is likely that Comrade Gorbachev's visit in India will take place within this year.

2.) In general, Indian public opinion and the press evaluated the measures which the Gorbachev leadership took in domestic and economic policy, and the steps and

initiatives of Soviet foreign policy, very positively. They concluded that the internal political situation of the Gorbachev leadership was stable, and it was further reinforced at the Soviet party congress. Both the Indian official circles and the press appreciated that the Soviet leadership responded positively to the disarmament initiatives of the "Delhi Six."

3.) At the same time, in the political relations one could clearly perceive the surfacing of those factors which hinder cooperation. In our opinion, the main reasons for that are as follows: the intensification of India's big power aspirations, including its insistence on its right to develop nuclear weapons; a certain Indian rapprochement toward the United States and the ongoing progress of the normalization of Sino-Soviet relations.

The disturbing factors appeared primarily in the following fields:

India sharply criticized the Nuclear Non-Proliferation Treaty and its review conference, and made it known that India had the right to possess nuclear technology for both peaceful and military purposes. In this question, the Soviet Union and the United States put joint pressure on India when in the declaration published about the Geneva summit; they expressed their commitment to the system of nuclear non-proliferation, and called upon those states which had not yet signed the treaty to join it. Nor could India gain the tacit support of the Soviet Union to India's nuclear weapons program by citing the "Pakistani nuclear threat." The conclusion of the agreement on the supply of Soviet nuclear reactors is still being postponed, because the Soviet side insists on international inspections.

India sharply – though not in an official form – rejected the Soviet proposal that called upon the five nuclear powers to hold a meeting to discuss the questions of disarmament and international security. It made it known that India could not be left out from such negotiations.

Nor has the Indian side reacted actively to the Soviet proposal to establish security in Asia. As we reported earlier, the Indian authorities hindered even the propagation of this proposal in India, and – according to information received from a Soviet source – India would like to take over the initiative in this issue, with the exclusion of the Soviet Union, China and Japan.

The Indian government and public opinion watches the Sino-Soviet rapprochement with distrust. It caused indignation in India that Comrade Gorbachev extensively covered China in his report at the [CPSU] Congress, and expressed the Soviet Union's readiness to normalize relations, whereas – in contrast with the practice of the earlier congresses – he failed to mention India.

In confidential conversations, the Soviets tell us that they disapprove the fact that the Indian government, in the hope of economic advantages, has toned down its criticism of American policies.

4.) All in all, the economic, commercial, technical and scientific relations are developing well.

On 6 November 1985, the Soviet State Planning Committee and the Association of Indian Engineering Industry (AIEI) signed an agreement that specified the fields in which the two sides would make efforts to achieve cooperation in production as well as in technology and science. The Indian side emphasized that the significance of production cooperation, compared to trade, would continue to increase. They asked the Soviet side to specify the volume of its imports of each major Indian commodity in the long run, in which case they would be able to guarantee the supply of goods by

creating appropriate [production] capacities. The signed agreement was submitted to the meeting which the work team dealing with production cooperation held in December, and incorporated into the five-year trade agreement.

On November 19th, negotiations held at the level of deputy ministers started in Delhi about the conclusion of the five-year commercial agreement. On December 23rd, the trade agreement for 1986-1990, the credit agreement on the supply of Soviet machines and equipment, and the agreement on long-term shipments were signed by the two ministers of trade in Moscow. The agreement plans to increase the volume of trade, which was 45 billion rupees during the previous five-year period, 1.5 to 2 times during the next five-year period. India will supply mainly agricultural products, ores and minerals, chemical materials, leather, textiles, and engineering products, while the Soviet Union will increase its exports primarily in machinery, equipment, and chemical fertilizer. They agreed on that Indian companies would participate in the construction of hotels in the Central Asian republics [of the USSR], and cooperation in production would undergo a significant increase.

In early January, an Indian-Soviet economic seminar was held in Delhi, at which presentations were made by the economic leaders of the Indian government as well as leading businessmen. Minister of Industries [Narayan Dutt] Tiwari called for cooperation in production and for an increase in the trade of industrial and processed goods. The Indian minister of trade proposed to increase the trade of new, modern products, for which purpose both sides should improve its marketing activities. The chair of the Federation of Indian Chambers of Commerce and Industry (FICCI) stated that 80 percent of the Indian exports to the Soviet Union were produced by the private sector. For this reason, it was important to increase production cooperation between Indian private firms and Soviet enterprises, primarily in the following fields: machine tools, refrigerators, air conditioners, computers, metallurgical, chemical and pharmaceutical facilities, and railroad facilities.

Deputy Foreign Minister Jain called for a more effective utilization of credits.

On March 20th, an agreement and a work plan on cooperation in computer production and electronics were signed in Delhi. On the basis of these [agreements], India will export computers and electronics worth 1.670 million rupees, while it will import such goods worth 620 million rupees. Among others, they agreed to jointly develop and manufacture a personal computer. Both sides will develop programs and exchange them.

On April 18th, a two-year agreement on technical and scientific cooperation in the field of agronomy was signed in Moscow.

In the economic and commercial relations, the decrease of oil prices causes a problem. On March 25th, the Indian government decided that for the Soviet oil and petrochemical products to be contracted in the future, the world market prices should be considered authoritative. This led to serious debates over prices, and it is also difficult [to decide] which additional Soviet products India should purchase in order to maintain the balance of trade. According to Indian opinions, this is one of the issues which are to be solved at the current session of the Indian-Soviet joint economic commission.

5.) Military cooperation is progressing satisfactorily. Nearly 80 percent of India's arms purchases, and of its acquisition of [defense] production technologies, is still from the Soviet Union. In the second half of last year, the USSR started to supply Il-76 MD military transport aircraft, and it is said that Arjun Singh received a promise in Moscow that India would be given the latest-model MiG fighter planes it had asked for. It seems that the Indian government is increasing its room for maneuver vis-à-vis the Soviet Union by conducting negotiations with several developed capitalist

countries – including the USA – on the purchase of modern arms and military technologies. Some confusion was caused by the disappearance of two Soviet made Indian military transport aircraft for unknown reasons.

6.) Cultural relations are still very extensive, and they have been extended to new fields and forms.

The more important events were the following:

On July 22nd, a two-year agreement on sports exchanges was signed in Delhi at the ministerial level. Apart from the exchange of athletes, this would include the exchange of coaches and cooperation between sports physicians.

On September 27th, an educational agreement on cooperation in the field of technical training was signed in Moscow. They agreed to have direct exchanges between educational institutions.

On March 14th, an agreement on inter-archival cooperation was signed. They will hold exhibitions on the early history of Russian-Indian relations, and organize seminars. They will make a documentary about Soviet-Indian relations since the proclamation of Indian independence. The director of the Soviet Archives presented valuable archival objects.

Mahatma Gandhi, a book by A.V. Gorev, attracted great attention in India, for the Soviet author, in contrast with the previous view, called Gandhi a revolutionary leader, the leader of the Indian masses.

On March 18th, Soviet Minister of Culture [Pyotr N.] Demichev and N. Rao, the Minister for the Development of Human Resources, signed an agreement, according to which they will mutually hold festivals next year. In the framework of this one-year series of programs, they will celebrate the 70th anniversary of the October Revolution and the 40th anniversary of the proclamation of Indian independence. In both countries, the programs will be extended to the entire countries, and include a variety of political, cultural, and social actions. According to the cultural counselor of the Soviet embassy, the programs will be without precedent in their magnitude.

József Oláh
ambassador