

NND 969046  
By SDT/VSW Date 7/21/88

Pol 725 / Connally



Department of State  
~~SECRET~~

TELEGRAM

ACTION COPY

O 082130Z JUL 72 ZFF-4  
FM AMEMBASSY TEHRAN  
TO SECSTATE WASHDC IMMEDIATE 8988  
BT  
~~SECRET~~ TEHRAN 4078

7/10/72 CN-1600  
MODIS REV 08 Jul 72<sup>x</sup>  
0037Z  
Cat. A - Caption removed.  
Transferred to O/FADRC  
Cat. B - Transferred to O/FADRC  
with additional access  
controlled by S/S  
Cat. C - Caption and custody  
retained by S/S  
Reviewed by: H. [Signature] FSO-1  
Date: 4/20/99, 1975

Tehran  
Tel. 4078

~~MODIS~~

CONTO 257

PASS WHITE HOUSE FOR MRS. DAVIS

PASS TREASURY FOR DIXON

PASS STATE FOR S/S, A/OP VN NEA

SUBJ: SECRETARY CONNALLY TRAVEL: MEMORANDUM OF  
GENERAL CONVERSATION WITH INDIAN PRIME MINISTER INDIRA  
GANDHI AT GOVERNOR'S RESIDENCE, SIMLA, ON JULY 5, 1972:  
PART IV OF VII: FOREIGN INVESTMENT

1. AT THE END OF ONE HOUR OF PRIVATE DISCUSSIONS,  
AMBASSADOR KEATING AND MR. SAMUEL HOSKINSON OF  
THE NSC STAFF FROM OUR SIDE, AND AMBASSADOR JHA AND  
MR. HAKSAR FROM THE INDIAN SIDE JOINED THE DISCUSSIONS FOR  
ANOTHER 40 MINUTES. THIS PART OF THE MEETING STARTED WITH  
A DISCUSSION OF INDIA'S POLICIES ON FOREIGN INVESTMENTS.  
I HAD PREVIOUSLY TOLD HER I THOUGHT THAT MUCH OF OUR TIME  
IN THE NEXT SEVERAL YEARS WOULD BE SPENT IN TRYING TO  
RESHAPE THE MONETARY FUND AND INTERNATIONAL AGREEMENTS  
REGARDING TRADE. WE HAD NOT, HOWEVER, DEVELOPED THIS AT  
ALL IN PRIVATE MEETING BUT HAD ONLY ALLUDED TO COMPLEXITY OF  
PROBLEMS. I HAD SAID PRESIDENT NIXON HAD SPENT A GREAT DEAL  
OF TIME ON THESE MATTERS IN THE LAST 18 MONTHS. I THOUGHT THESE  
ECONOMIC AND MONETARY PROBLEMS WOULD BE OF  
CONCERN TO WORLD LEADERS MORE THAN BEFORE IN COMING MONTHS  
AND YEARS.

2. AGAINST THIS BACKGROUND, I QUESTIONED MRS. GANDHI  
CONCERNING FOREIGN INVESTMENTS. I NOTED FIRST THAT SHE  
WAS PREPARED TO TAKE OVER SOME INSURANCE COMPANIES. "WE  
HAVE TAKEN THEM," SHE SAID. I SAID, YES. I UNDERSTOOD

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SHE HAD AND WAS INTERESTED IF THIS MEANT THAT INDIA DID NOT WELCOME FOREIGN INVESTMENTS? NOT AT ALL, SHE SAID. WHEN WE NEED MANAGEMENT OR TECHNOLOGY OR PRODUCTS WE CANNOT PRODUCE WE WILL WELCOME FOREIGN INVESTMENTS. AMBASSADOR JHA ADDED THAT WHEN INDIA NATIONALIZED ITS BANKS IT DID NOT NATIONALIZE FOREIGN BANKS. MRS. GANDHI ADDED THAT SHE WAS CRITICIZED ALMOST EVERY WEEK IN PARLIAMENT BECAUSE OF THAT, TOO. AMBASSADOR JHA THEN SAID THAT THERE WERE MANY THINGS THE INDIANS WERE CAPABLE OF DOING, BOTH IN TERMS OF FINANCIAL RESOURCES AND MANAGEMENT ABILITIES AND THEIR TECHNOLOGICAL PROGRESS, BUT ALSO MANY THINGS THAT THEY COULD NOT DO AND NEEDED FOREIGN ASSISTANCE FOR. HE SAID INDIA WOULD WELCOME THAT TYPE OF INVESTMENT AND NOTED THAT EVEN INDIA INVESTED ABROAD IN AUSTRALIA NIGERIA AND MALAYSIA. HOW, HE ASKED, COULD INDIA THEREFORE BE AGAINST FOREIGN INVESTMENTS? BUT, SAID JHA, WE INVEST ABROAD NOT ALWAYS UNDER THE CONDITIONS AND IN THE COMPANIES IN WHICH WE WANT TO, BUT CONSISTENT WITH THE REGULATIONS IN THE COUNTRY IN WHICH WE INVEST. THAT IS WHAT WE WILL PERMIT IN INDIA.

CONNALLY

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