


 DEPARTMENT OF STATE
 BRIEFING MEMORANDUM

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*Lee - do we
 have this
 in Chevron?*
11/29/78
Drafted
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TO: The Secretary

THROUGH: P - Mr. Newsom
 T - Mrs. Benson

FROM: NEA - Harold H. Saunders *u*
 S/P - Anthony Lake *AL*
 (S/P)

SUBJECT: PRC Meeting, November 30, 1978 - Pakistan

This meeting has been called at the request of Dr. Brzezinski to look at Pakistan in the context of the deteriorating situation in the region. We do not believe there is a serious threat to Pakistan of external aggression from India, Iran or -- in the short term -- from Afghanistan. However, Pakistan's own sense of isolation and exposure is profoundly destabilizing in domestic terms, and we cannot rule out possible subversion across the Afghan border in the longer run. While our direct bilateral interests in Pakistan are not great, a radicalized or disintegrating Pakistan could exacerbate regional instability and raise further doubts about the role of the US in the Persian Gulf area.

The Issues Paper addresses a number of proposals for a more supportive US role vis-a-vis Pakistan.

Introductory Remarks

You may wish to open the meeting by putting Pakistan in the context of the region.

-- Recent events in Afghanistan and South Yemen and the uncertain future of Iran have highlighted the consequences for U.S. interests and the global economic order of instability across this region. Our direct interests in Pakistan are limited, but that country plays an important role in the region and can either be a positive influence for stability or contribute to the erosion of the US position in the area.

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-- Looking ahead at this entire area, we see a level of instability not seen there for a decade with two or three exceptions (Bangladesh secession, '73 war, '70 Jordan crisis).

-- Pakistan is profoundly unsettled by events in Iran and Afghanistan and continues to see India as a threat. We want to look today at what more we should try to do in bolstering Pakistan's confidence in its western ties at this critical time and in doing what we can do to contribute to domestic stability.

Agenda Item I - Intelligence Briefing (CIA)

You should ask the CIA representative to provide an assessment of the external threat to Pakistan; the internal political situation, including the implications of the Bhutto case; and the status of Pakistan's nuclear program.

Agenda Item II - Presentation of the Issues (State)

II A. Political and Strategic

Background

Pakistan is looking for external solutions to its problems and would like a US security guarantee, the most modern arms, and massive economic aid. While we cannot meet all these desires, we can bolster their confidence if we use the tools available to us in an aggressive, coordinated and consistent program. Given events in Iran, the future of CENTO is uncertain and even under the best circumstances we see no way to upgrade this alliance to meet Pakistan's expectations. We can, whenever possible, nudge Pakistan towards better relations with India and seek to discourage a downward spiral in Pak/Afghan relations. Our relations can benefit from high level visits, although we need to avoid raising Pakistan's expectations of massive tangible assistance. A firm decision on high level visits should await the outcome of the Bhutto case.

Desired PRC Action at the Meeting

1. Agreement in principle to one or more high level visits in the coming year if Bhutto's death sentence is commuted. These could include an official visit by President

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-3-

Zia in Washington, a visit by the Vice President or another high level administration official to Islamabad, and/or a high level Congressional delegation.

2. Initiate consultations with the Western Europeans and Japan to encourage greater efforts on their part to preserve Pakistan's pro-western orientation.

Talking Points

- There is a psychological dimension to our relations with Pakistan carried over from the patron-client relationship of the 1950's. Building on this, we can provide considerable reassurance by upgrading the level of our dialogue, while at the same time bringing Pakistan's expectations more into line with reality.
- If Bhutto's sentence is commuted, we would propose President Zia be invited for an official visit this coming year. If Bhutto is executed, we believe the domestic political fallout would preclude such a visit for some time. However, our interest in Pakistan transcends the case of Mr. Bhutto and, even if he is executed, we would propose a visit to Pakistan by a high level administration official after the dust settles.
- We propose to consult with the Western Europeans and Japan to encourage their support for Pakistan's pro-western orientation.

Other Agency Views

We do not anticipate any objection.

II B. Nuclear Program

Background

A Tarnoff/Brzezinski memorandum of November 22 outlined our strategy, both multilateral and bilateral, for inhibiting Pakistan from moving toward nuclear capability. We believe that a more supportive relationship, especially in the military supply and aid fields, may reduce Pakistan's

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paranoia and give us some influence over their nuclear program, but not decisive leverage. Certainly, a growing sense of isolation from the west will only reinforce Pakistan's motivation to seek a nuclear option. We should recognize that Congressional concerns over Pakistan's nuclear intentions may impact adversely on our ability to be forthcoming, particularly in respect to military sales.

Desired PRC Action at the Meeting

To endorse the strategy outlined in the Tarnoff/Brzezinski memorandum of November 22.

Talking Point

- Our strategy for diverting Pakistan from its nuclear course was outlined in a memorandum we sent to Dr. Brzezinski on November 22. In summary, we are working with supplier countries to prevent export of equipment or technology which would contribute to a nuclear explosive program. We will make clear to Pakistan that our ability to provide assistance depends on their foregoing a nuclear option. We need, however, to rebuild our relationship to a point where the Pakistanis will perceive it to be disadvantageous to their national interests to risk a severance of the US tie by pursuing a nuclear explosive option.

Other Agency Views

We expect general agreement. CIA may stress its concern over the possible compromise of sensitive sources, if we give the Pakistanis any specific indication that we know what they are up to.

II C. Military Sales

Background

For over a year our military sales relationship with Pakistan has been in virtual suspension because of the nuclear reprocessing issue. In October you told Agha Shahi that we were again prepared to consider military sales, including a limited number of F-5Es, subject to Congressional approval. India's purchase of the Jaguar has intensified Pakistan's interest in advanced aircraft. Although Pakistanis still see India as the major threat, they are genuinely

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-5-

and legitimately troubled by Iranian and Afghan developments as well, and use them also to argue for an increased American commitment to Pakistan's security needs.

During her trip, Mrs. Benson provided President Zia and other officials with a realistic appraisal of what they can and cannot expect from the United States in the way of military equipment. She advised them candidly that we could not provide F-16s, F-18s or A-7s and said FMS financing was not likely, at least in the short term. Mrs. Benson also provided positive responses on a number of specific items (Appendix 1 of Issues Paper) and suggested that the Paks prepare a priority list of items they wish to purchase, keeping US arms transfer policies in mind. In all our discussions with Government officials we are emphasizing that we wish to be helpful, but our arms transfer relationship is, and will continue to be, a limited one.

The Paks asked Mrs. Benson about additional F-5Es, beyond the 40 approved by the President. We are now proposing a one-for-one replacement of the 76 aging F-86s with F-5Es.

The Paks also specifically asked for TOW-mounted helicopters. The Hughes 500 M-D has a strictly anti-tank configuration and is essentially a defensive weapon. By contrast, the Bell AH-1S (COBRA) is more expensive and has greater offensive capability. Thus we prefer that the Hughes 500 M-D be offered to the Paks rather than the Bell AH-1S.

There is an arms transfer policy question involved with this recommendation. Although the TOW helicopter is a defensive system to counter Indian armour capability, and is less capable than any aircraft in the region, there is no current heliborne anti-tank capability in the sub-continent. Thus, a narrow interpretation of PD-13's stricture on the first introduction of an advanced weapons system which creates a new or significantly higher combat capability would require an exception to this policy. A broader interpretation based on the concept of a defensive counter as a partial offset to a regional imbalance would permit a sale without the requirement for an explicit exception. There is a general consensus in favor of the broader interpretation and nobody is arguing for a Presidential exception.

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SECRET

-6-

Finally, there is the question of FMS credits. We have discouraged the Paks from expecting such credits, given the probable negative Congressional reaction and the tight budgetary situation. However, we may have to reconsider this question in the future if the Afghan and Iranian situations deteriorate significantly.

Desired PRC Action at the Meeting

1. Reaffirm the present limited nature of our arms transfer relationship with Pakistan.
2. Request Presidential approval for the sale of up to 76 F-5E aircraft.
3. Request Presidential approval for the sale of TOW-mounted helicopters, preferably the 500 M-D aircraft rather than the Bell AH-1S.
4. Reaffirm that FMS credits for Pakistan are not available, but that this question might have to be reconsidered if the situation in Iran or Afghanistan deteriorates significantly.

Talking Points

- Mrs. Benson's trip was very useful in terms of establishing a realistic dialogue with the Paks on what they can and cannot expect from the US. I believe that a continuation of a limited arms supply relationship with Pakistan is in our mutual interest.
- Although Pakistan may not choose the F-5E, our offer demonstrates our concern for their security. The F-5E is primarily defensive and would substantially increase Pakistan's air defense capabilities. I am in favor of seeking Presidential approval for up to 76 aircraft -- a one-for-one replacement of their old F-86s.
- The Pakistanis need and would like TOW-mounted helicopters to strengthen their anti-tank capability.
- The Hughes helicopter has less range and is cheaper than the Bell helicopter. I believe we should seek Presidential approval to offer the Paks the less expensive and shorter range Hughes TOW-mounted helicopters. I do not believe an explicit exception to PD-13 is necessary.

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By CEC NARA Date 3/11/10

At the present time, FMS credits for Pakistan do not seem a viable option. However, we may have to reconsider this question if the situation in Iran and Afghanistan deteriorates further.

- The rich Arabian Peninsula countries are experiencing a tighter situation than previously and are somewhat more resistant to appeals for aid. However, they are concerned by developments in the region and do give a high priority to Pakistan. I think we should continue to have frank discussions with the Saudis and other Gulf countries about Pakistan and other regional matters.

Other Agency Views

We anticipate general support for all of the above proposals.

II D. Economic Assistance

1. Development Assistance

Background: Development assistance for Pakistan in both FY 79 and FY 80 is set at \$40 million, well below the assistance levels of the early 70s. We are proposing that this level be increased to \$50 million for FY 80. There is a widely held view in Washington that Pakistan's economic performance in recent years has been dismal and that it does not deserve much development assistance. During the Bhutto period this was true, but the present government has taken steps to improve the situation. AID has a number of well conceived projects which could be funded with additional assistance, would make a sound contribution to development and internal stability, and signal our political support for Pakistan.

Desired PRC Action at the Meeting

Recommend that a high priority be given to increasing AID levels for Pakistan in FY 80 to not less than \$50 million.

Talking Points

- An increase in US development assistance would be important in shoring up Pakistan's confidence in US willingness to stand by Pakistan during a critical time in its history and could make a significant contribution to economic development and stability.

- Some judge Pakistan as a country whose development has faltered badly and which warrants US development assistance only at sharply reduced levels. Although the GOP's record needs to be improved upon, Pakistan has made strides in untangling itself from the ill-conceived economic programs and crowd-pleasing policies of the Bhutto regime. It is placing very high priority on agricultural production and has made a considerable effort to restore the confidence of the private sector.
- I have recommended that the development assistance levels for Pakistan should be increased in FY 80 to at least \$50 million.*

Other Agency Views

AID and OMB will object on the grounds that AID's budget resources are insufficient to increase the Pakistan program without taking away funds from other programs. Both may comment that Pakistan's development record in the last decade does not support increased AID programming even at past budget levels.

2. Debt Rescheduling

Background: The GOP is pressing hard for a debt rescheduling as a means of gaining additional untied resources. However, our policies make it impossible for us to respond positively to the GOP at this time since the GOP payments position is manageable and it has not accepted an IMF stabilization program. Several other countries (Germany, Japan, France, Holland) are rescheduling Pak debts on political grounds, and the US may be Pakistan's only major (and largest) creditor which will not give debt relief.

*NEA would like to see a considerably greater increase in the Pakistan program -- on the order of \$40-\$50 million above the FY 80 mark of \$40 million. NEA suggests that the Secretary ask for the views of the PRC representatives on a larger increase and the possibility of taking some of the funds from the Indian and Bangladesh programs.

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Desired PRC Action at the Meeting

Reaffirm the U.S. negative position on Pakistan's debt rescheduling request, but note the need to find other ways to transfer resources for Pakistan's economic development.

Talking Point

- We do not recommend a change in our debt rescheduling policies as they apply to Pakistan. We should encourage the GOP to embark on politically-difficult economic stabilization programs with the IMF which may obviate the need for debt rescheduling in the future.

Other Agency Views

We anticipate general support for the principle of maintaining our negative position on Pakistan's debt rescheduling request.

3. PL-480

Background: We have given the GOP a commitment to provide in FY 79 a large PL-480 program in two \$40 million tranches -- the first under Title I and the second under Title III, depending on self-help performance. Pakistan is a major importer of food this year and badly needs all we have agreed to provide. The second tranche is earmarked for Pakistan in the PL-480 reserve. The proposed PL-480 budget planning level for Pakistan in FY 80 is satisfactory but needs to be firmly locked into the total budget.

Desired PRC Action at the Meeting

Affirm support for a multi-year PL-480 program in Pakistan at proposed levels, including the second tranche from the PL-480 reserve.

Talking Points

- We have embarked on a multi-year development strategy in Pakistan which is designed to increase food production. The GOP has launched a major effort in support of programs aimed at increasing food production. However, much needs to be done and our PL-480 contribution will sustain and insure greater effort if we can provide needed commodities for FY 80 and FY 81.

- We should fulfill our commitment to provide Pakistan with \$80 million in agricultural commodities in FY 79. Our failure to do so will impact adversely on food imports and would cause the GOP to question the seriousness of our commitment.

Other Agency Views

We anticipate general support for the PL-480 program in Pakistan. OMB may qualify its statement of support by calling for greater vigilance in monitoring the program.

4. Security Support Assistance for Border Roads

Background: As a practical response to the Afghan problem, the GOP needs to integrate more fully the frontier area along the Afghan border into the economy and the body politic of Pakistan. A \$20 million SSA program in FY 81 to support a border roads construction similar to the successful India effort following the 1962 war with China, should be welcomed by Pakistan and viewed as an encouraging sign of our support. However, it may take considerable shepherding on the Hill to secure SSA and maintain at the same time a development assistance program.

Desired PRC Action at the Meeting

Approve in principle consideration of an SSA program in FY 81 at approximately a \$20 million level for a road building program in the Pakistani provinces of Baluchistan and the Northwest Frontier.

Talking Point

- We need to demonstrate to the GOP that we are indeed taking seriously the changed security situation in the area. Our ability to provide military hardware, particularly types and on terms desired by Pakistan, is very limited. SSA would permit us to support Pakistan's security and at the same time contribute to the development of the most backward and sensitive areas of the country.

Other Agency Views

This proposal is expected to be generally acceptable. AID and OMB, however, may protest such a program in addition to the development assistance program.

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-11-

Agenda Item III - U.S. Policy Initiative Elsewhere in Asia (DOD)

Background: When Deputy Secretary Duncan returned from the Middle East, he prepared a memorandum for the President describing the fragile situation in the Persian Gulf. (Copy attached) He recommended an interagency review of U.S. policy toward this area to look into the possibility of additional financial assistance for the poorer countries, more consultations, ship visits, military exercises etc. You may wish to ask Mr. Duncan to speak about his suggestions.

Desired PRC Action at the Meeting

That an interagency working group address the DOD proposal, identify the questions and policy issues involved, and prepare a brief report for the PRC on next steps.

Talking Point

- I suggest that we establish an interagency working group to address the questions raised by Mr. Duncan, and ask it to report back to the PRC by December 20 on next steps which should be taken (We do not know what DOD's position on this will be).

Agenda Item IV - Other Issues

Attached to the Issues Paper is an addendum raising two questions which are not on the agenda: whether we should take any further steps on the Bhutto case and whether we should press for free elections?

A. Bhutto Case: The appeal is still before the Supreme Court and a decision may come in December. We have prepositioned with Ambassador Hummel a Presidential message to Zia urging clemency, to be used if the Supreme Court upholds the death sentence. We have also consulted with the Saudis, the British, and other concerned countries. The outcome is unpredictable but we are moderately hopeful that Saudi pressure will persuade Zia to commute the sentence. Bhutto's execution would elicit an adverse reaction from the Hill and the general public, adding to our difficulties in providing greater support for Pakistan.

Desired PRC Action at the Meeting

To endorse our position.

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Talking Point

- Ambassador Hummel has in hand a Presidential message to Zia urging clemency if the Supreme Court upholds the death sentence. Since the case is still before the Supreme Court, I do not recommend any further action at this time.

Other Agency Views

We anticipate general agreement.

B. Free Elections: Any Additional Steps? President Zia has tentatively indicated his intentions to hold general elections in October 1979. We should reaffirm on appropriate occasions our interest in elections next year, but we do not believe it would be useful to press for an acceleration of the electoral process. We should also remind the GOP of our continuing concern about human rights in Pakistan.

Desired PRC Action at the Meeting

To endorse this position.

Talking Points

- While elections will not solve all of Pakistan's political problems, we think they would help to build more broadly based political institutions. We should, when appropriate, reaffirm our interest in President Zia's plan to hold elections next October.
- We should also continue to make known to the GOP our concerns about human rights, including pre-censorship of some opposition newspapers and the detention of members of the political opposition.

Other Agency Views

We anticipate general agreement.

Attachment:

As stated

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NND
Authority 46720
By CEC NARA Date 3/11/10

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