(U) CLASSIFIED BY AMBASSADOR WENDY CHAMBERLIN, REASON 1.5 (B).

1. SUMMARY. YOU WILL ARRIVE IN PAKISTAN AT ONE OF THE PIVOTAL MOMENTS IN THE HISTORY OF THE REGION, WITH THE FALL OF KABUL TO THE NORTHERN ALLIANCE MARKING A DRAMATIC TILT IN FAVOR OF THE COALITION IN THE WAR ON TERRORISM. FROM THE GOP PERSPECTIVE, PAKISTAN’S PARTICIPATION IN OPERATION ENDURING FREEDOM (OEF) HAS YIELDED GREAT BENEFITS IN TERMS OF ITS RELATIONSHIP WITH THE UNITED STATES AND OTHER

UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: HARRY R MELONE
DATE/CASE ID: 12 MAY 2005 200402730

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WESTERN ALLIES BUT HAS ALSO INTRODUCED HUGE AMBIGUITY INTO SOUTH ASIA'S STRATEGIC BALANCE. PRESIDENT PERVEZ MUSHARRAF AND HIS TEAM WILL UNDOUBTEDLY WANT TO DISCUSS THE POLITICAL FUTURE OF AFGHANISTAN WITH YOU, AS WELL AS THE ECONOMIC IMPACT OF PAKISTAN'S PARTICIPATION IN OEF. OTHER CRUCIAL ISSUES -- REFUGEES, THE TROUBLED RELATIONSHIP WITH INDIA, ECONOMIC DEVELOPMENT, AND THE RETURN TO DEMOCRACY -- MAY ALSO BE ON THE PAKISTANI AGENDA. END SUMMARY.

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DRAMATIC CHANGES
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2. (☑) YOUR ARRIVAL COMES CLOSE ON THE HEELS OF PRESIDENT MUSHARRAF'S SUCCESSFUL VISIT TO NEW YORK LAST WEEK. WHILE THERE, MUSHARRAF AddressED THE UN GENERAL ASSEMBLY AND MET WITH PRESIDENT BUSH. PAKISTANIS ARE JUSTIFIABLY PROUD OF THE ATTENTION PAID TO THEIR PRESIDENT BY WORLD LEADERS IN NEW YORK.

3. (☑) THE BUSH MEETING CROWNS A SERIES OF VISITS TO PAKISTAN BY HIGH-LEVEL USG VISITORS IN RECENT WEEKS: SECRETARY POWELL (OCTOBER 15-16), STATE U/S FOR ECONOMIC AFFAIRS AL LARSON (OCTOBER 21), CENTCOM COMMANDER GENERAL TOMMY FRANKS (OCTOBER 29), AND SECRETARY RUMSFELD (NOVEMBER 4). STARTING WITH BRITISH PRIME MINISTER TONY BLAIR, A STEADY STREAM OF HIGH-RANKING FOREIGN OFFICIALS HAS ALSO COME TO ISLAMABAD TO OFFER SUPPORT. MOST RECENTLY, MUSHARRAF MET WITH BLAIR AND FRENCH PRESIDENT CHIRAC ON HIS WAY TO NEW YORK.

4. (☑) THIS IS A SPECTACULAR TRANSFORMATION IN PAKISTAN'S DIPLOMATIC POSITION. JUST TWO MONTHS AGO, PAKISTAN WAS INTERNATIONALLY ISOLATED AND BURDENED WITH SANCTIONS. RELATIONS WITH THE UNITED STATES WERE OFTEN STRAINED, OVER NON-PROLIFERATION, DEMOCRACY, SUPPORT FOR THE TALIBAN, AND OTHER ISSUES. THAT CHANGED ALMOST OVERNIGHT WITH PRESIDENT MUSHARRAF'S DECISION TO SUPPORT WHOLEHEARTEDLY THE WAR ON TERRORISM, DESPITE CONSIDERABLE DOMESTIC COSTS. IN A DRAMATIC VOLTE-FACE, THE GOP ABANDONED THE TALIBAN AND CRACKED DOWN ON THEIR DOMESTIC SUPPORTERS IN PAKISTAN.

5. (☑) PAKISTAN'S COOPERATION IN THE MILITARY CAMPAIGN AGAINST AL-QAIDA TERRORISTS AND THE TALIBAN THAT SUPPORTED THEM HAS BEEN UNSTINTING.
6. (G) MUSHARRAF HAS MOVED QUICKLY TO COUNTER DOMESTIC OPPOSITION TO COALITION OPERATIONS. DESPITE THE FACT THAT THE ENTIRE GAMUT OF PAKISTANI RELIGIOUS PARTIES IS ARRAYED AGAINST HIM, MUSHARRAF HAS HELD FIRM. MUSHARRAF HAS CONSULTED WITH MAINSTREAM POLITICAL LEADERS TO BRING THEM ON BOARD. HE ALSO MADE KEY PERSONNEL CHANGES AMONG SENIOR MILITARY OFFICERS TO FIRM UP SUPPORT FOR THE WAR ON TERRORISM.

7. (G) MUSHARRAF HAS ACTED WITH VIGOR AGAINST DOMESTIC EXTREMISTS. ANTI-COALITION PROTESTS HAVE OCCASIONALLY BEEN VIOLENT; AS RECENTLY AS NOVEMBER 9, THREE PEOPLE WERE KILLED IN DEMONSTRATIONS IN A SOUTHERN PUNJAB CITY. THE GOP HAS TAKEN A NUMBER OF STEPS TO ENSURE THAT PERMITTED PROTESTS DO NOT GET OUT OF HAND, FROM ORDERING MULLAHs TO USE MOSQUE LOUDSPEAKERS ONLY FOR CALLS TO PRAYER, AND NOT
DEPARTMENT FOR H, SA AND SA/PAB

H PLEASE PASS TO SENATORS LEVIN AND WARNER

TASHKENT PLEASE PASS TO CODEL

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SUBJ: SCENE-SETTER FOR THE VISIT OF SENATORS LEVIN AND WARNER

FOR INCENDIARY SPEECHIFYING, TO PUTTING FIVE OF PAKISTAN'S MOST IMPORTANT ISLAMIST LEADERS UNDER HOUSE ARREST. THE GOVERNMENT ALSO TOOK QUICK ACTION FOLLOWING LAST MONTH'S BRUTAL KILLING OF 16 CHRISTIANS AT A CHURCH SERVICE, THE WORST SUCH ATTACK IN PAKISTAN'S HISTORY. OUR SENSE IS THAT EXTREMIST DEMONSTRATIONS ARE LIKELY TO WANE AS THE TALIBAN CRUMPLE.

8. (S) THE TURNOVER IN THE U.S.-PAKISTANI RELATIONSHIP HAS BEEN IMPRESSIVE. WORKING WITH THE BUSH ADMINISTRATION, CONGRESS HAS PASSED LEGISLATION TO ALLOW THE USG TO WAIVE SANCTIONS, THE MOST IMPORTANT BILATERAL IRRITANT FROM THE PAKISTANI POINT OF VIEW. BILATERAL AID HAS JUMPED FROM ABOUT $75 MILLION MULTI-YEAR TO A PLANNED PROGRAM VALUED AT WELL OVER $1 BILLION. ON NOVEMBER 15, WE SIGNED AN AGREEMENT TO PROVIDE PAKISTAN WITH USD 600 MILLION IN BUDGET AND BALANCE OF PAYMENTS SUPPORT. THEY HAVE COMMITTED TO USE THESE FUNDS FOR SOCIAL SECTOR PROGRAMS, LIKE EDUCATION AND HEALTH. THE UK, THE EU, JAPAN, CANADA, AND OTHERS HAVE ALSO INCREASED AID FLOWS. CANADA, AUSTRALIA, AND NORWAY HAVE NOW LIFTED SANCTIONS, AND JAPAN IS CONSIDERING DOING SO.

AFGHANISTAN

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9. HIGH ON MUSHARRAF'S AGENDA WILL BE THE POLITICAL FUTURE OF AFGHANISTAN. PAKISTAN IS CERTAINLY GLAD THE TALIBAN ARE GONE, PARTICULARLY SINCE DOMESTIC OPPOSITION WAS GROWING AS OPERATIONS CONTINUED. HOWEVER, MUSHARRAF IS UNCERTAIN ABOUT THE FUTURE. PAKISTAN'S EARLIER SUPPORT FOR THE TALIBAN WAS BASED ON THE LONGSTANDING NEED FOR "STRATEGIC DEPTH," I.E. A FRIENDLY NEIGHBOR ON THE WEST SINCE INDIA ON THE EAST WAS ASSUMED TO BE HOSTILE. MUSHARRAF JUSTIFIABLY FEARS THE NORTHERN ALLIANCE IS OPPOSED TO PAKISTAN AND IS WORRIED THAT THE ALLIANCE WILL BE UNABLE ON ITS OWN TO KEEP AFGHANISTAN FROM SLIPPING BACK INTO ANARCHY.

10. INSTEAD, MUSHARRAF WOULD LIKE TO SEE A "BROAD-BASED," MULTIETHNIC COALITION INSTALLED IN KABUL, A GOAL WE SHARE. IN RECENT DAYS, THE GOP HAS EMPHASIZED THAT THE NORTHERN ALLIANCE SHOULD LEAVE KABUL A "DEMILITARIZED" CITY, IN THE CONTROL OF THE UNITED NATIONS OR THE OIC. MUSHARRAF MAINTAINS, AND WE AGREE, THAT THE NORTHERN ALLIANCE ALONE CANNOT RULE AFGHANISTAN. INSTEAD, HE WOULD LIKE TO SEE A COMMON STRATEGY EVOLVE OUT OF THE VARIOUS AFGHAN PROCESSES -- ROME, CYPRUS, GENEVA -- UNDER WAY.

STILL PUSH FOR A SUBSTANTIAL PUSHTOON ELEMENT IN THE NEW SET-UP. MUSHARRAF MET WITH UN SPECIAL REPRESENTATIVE FOR AFGHANISTAN LAKHDAR BRAHIMI RECENTLY AND IS LIKELY TO SUPPORT A UN-SPONSORED PROCESS. SENIOR PAKISTANI OFFICIALS HAVE ALSO MET IN THE LAST FEW DAYS WITH U.S. ENVOY TO THE AFGHAN OPPOSITION AMBASSADOR JAMES DOBINS.

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COSTS OF ENDURING FREEDOM

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11. (S//F) WHILE THE GOP HAS NOT SOUGHT A QUID-PRO-QUO FOR ITS SUPPORT OF OEF, THE GOVERNMENT REMAINS CONCERNED ABOUT THE CONSIDERABLE COSTS ASSOCIATED WITH IT.

IN VIEW OF ITS FISCALLY CONSTRAINED ECONOMY, THE GOP IS UNABLE TO ABSORB THESE UNPROGRAMMED COSTS AND SEEKS REIMBURSEMENT.

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OTHER ISSUES

12. BEYOND AFGHANISTAN AND OPERATION ENDURING FREEDOM, THERE IS MUCH ON MUSHARRAF'S PLATE. AMONG THE ISSUES HE MAY RAISE:

- ECONOMIC ASSISTANCE: THE GOP, WHILE PLEASED WITH

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ACTION H-01

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VC-00 TEDE-00 INR-00 VCE-00 M-00 AC-01 NEA-00
DCP-01 NSAB-00 ACE-00 SCT-00 IRM-00 SS0-00 SS-00
TRSE-00 SA-00 ASDS-01 DSCC-00 PRM-00 DRL-02 NFAT-00
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INCREASED AID LEVELS, HAS A NUMBER OF SPECIFIC REQUESTS.

ALTHOUGH PAKISTAN CONTINUES TO SEEK OUTRIGHT FORGIVENESS OF BILATERAL DEBT, WE HAVE TOLD PRESIDENT MUSHARRAF THAT DEBT RELIEF ON THE MOST CONCESSIONAL TERMS POSSIBLE IS AS FAR AS WE CAN GO AND IN THE LONG RUN IS BETTER FOR PAKISTAN. FORGIVENESS REQUIRES CONGRESSIONAL APPROVAL AND BUDGET ALLOCATION, WHICH WOULD LIMIT OUR ABILITY TO PROVIDE ADDITIONAL ASSISTANCE.

ALSO RAISE U.S. MARKET ACCESS FOR PAKISTANI EXPORTS. SENATOR BROWNBACK HAS INTRODUCED LEGISLATION TO PROVIDE PAKISTAN RELIEF ON TEXTILE DUTIES.

- REFUGEES: PAKISTAN BEARS A GREAT PART OF THE REFUGEE BURDEN GENERATED BY THE AFGHAN CONFLICT, SOME 2.5 MILLION. ALTHOUGH PRESIDENT BUSH RECENTLY ANNOUNCED AN ADDITIONAL USD 320 MILLION IN U.S. ASSISTANCE TO AFGHAN REFUGEES THIS FISCAL YEAR, MUSHARRAF MAY CALL FOR ADDITIONAL INTERNATIONAL RESOURCES.

- REESTABLISHING THE MIL-TO-MIL RELATIONSHIP: THE GOP IS EAGER TO REESTABLISH OUR MILITARY RELATIONSHIP NOW THAT SANCTIONS HAVE BEEN WAIVED. MUSHARRAF IS LIKELY TO REQUEST AN EARLY RESUMPTION OF IMET AND RENEWED SALES OF F-16S AND

-- GOBEGIN

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SPARE PARTS "FOR DEFENSIVE PURPOSES ONLY."

- INDIA: THE GOVERNMENT CONTINUES TO BE WORRIED ABOUT INDIAN TROOP MOVEMENTS INTO INDIAN-HELD KASHMIR, THE STATE OF ALERT AT INDIAN AIRBASES, AND PROVOCATIVE STATEMENTS FROM SENIOR GOI LEADERS. THE PAKISTANIS MAY ASK FOR YOUR ASSISTANCE IN MONITORING INDIAN MILITARY ACTIVITY.

- DEMOCRACY: IN ACCORDANCE WITH A SUPREME COURT RULING, MUSHARRAF HAS ANNOUNCED PARLIAMENTARY ELECTIONS IN OCTOBER, 2002. MUSHARRAF HAS PROMISED PUBLICLY (INCLUDING ON U.S. TELEVISION) TO HOLD THESE ELECTIONS ON SCHEDULE, AND WE CONTINUE TO URGE HIM TO DO SO. MUSHARRAF IS LIKELY TO REMAIN PRESIDENT BEYOND THE 2002 ELECTIONS.

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