October 4, 1978

Chris:

I've beefed up the Pakistan cable along the lines we discussed. Have not reviewed the changes with NEA. Would propose to do so after you've seen them.

NEA's original version and last night's evening reading with the President's comments are also attached for your information.

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Steve
The Secretary made clear our continuing concern over Pakistani intentions with respect to nuclear explosives and reminded him of U.S. legislation and Administration policy on non-proliferation. He said we are proceeding with assumption of aid on the assumption that the GSP will not acquire a nuclear explosive capability.

You may also inform GSP that we are prepared to commit 40 million dollars in new PL-480 funds and are reserving an additional 40 million dollars which in total can provide Pakistan with about 500,000 tons of wheat and 34,000 tons of vegetable oil. These totals are of course subject to negotiating mutually acceptable agreements which among other things would provide assurances that Pakistan is embarked on a course which will lead to self-sufficiency in essential food stuffs. Detailed negotiating instructions will be sent you by Septel.
RIDER 2

You should stress that we are concerned about Pakistan's intentions with respect to nuclear explosives and will carefully monitor Pakistan's activities. You should make it clear that should Pakistan develop an indigenous nuclear explosive capability, or acquire reprocessing or enrichment equipment or technology from some other country, we would have to review immediately our overall relationship.

4. You may also inform Gop that we are prepared to commit 40 million dollars in new PL-480 funds and are reserving an additional 40 million dollars which in total can provide Pakistan with about 500,000 tons of wheat and 34,000 tons of vegetable oil. These totals are of course subject to negotiating mutually acceptable agreements which among other things would provide assurances that Pakistan is embarked on a course which will lead to self-sufficiency in essential food stuffs. Detailed negotiating instructions will be sent you by Septel.
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NEA/PAB: MHORNLOW: DE
10/3/78 EXT: 22441
NEA: WCRAWDFF

AID: JSULLIVAN
OES/NET: MGUHIN
L: JMICHIEL CLEARANCES
H: BATWOOD

S/P: ARAPHELF

IMMEDIATE: ISLAMABAD, PARIS IMMEDIATE
PRIORITY: TEHRAN, NEW DELHI PRIORITY, KABUL PRIORITY, LONDON
PRIORITY, JIDDIAH PRIORITY, OTTAWA PRIORITY

EXDIS

E.O. 11652: GDS
TAGS: PEPR, EAID, MASS, MNUC, SHUM, PK
SUBJECT: PAK-US RELATIONS

1. FOR ISLAMABAD - SECRETARY TOLD AGHA SHAHI IN NEW YORK
OCT 2 THAT WE HAVE COMPLETED CONGRESSIONAL CONSULTATIONS AND
NOW WISH TO MOVE AHEAD EXPEDITIOUSLY AND RESUME OUR NORMAL
AID AND MILITARY SALES RELATIONSHIP WITH PAKISTAN. (FURTHER
DETAILS OF DISCUSSION WILL BE SENT YOU IN SEPTEL.)

2. YOU ARE AUTHORIZED TO SIGN AS SOON AS POSSIBLE THE
THREE REMAINING FY-77 AID AGREEMENTS TOTALING $7 MILLION
DOLLARS. AID WILL BE PROVIDING MORE DETAILED INSTRUCTIONS
BY SEPTEL.

3. YOU MAY ALSO INFORM GOP THAT WE ARE PREPARED TO COMMIT
40 MILLION DOLLARS IN NEW PL-480 FUNDS AND ARE RESERVING
AN ADDITIONAL 40 MILLION DOLLARS WHICH IN TOTAL CAN PROVIDE
PAKISTAN WITH ABOUT 500,000 TONS OF WHEAT AND 34,000 TONS
OF VEGETABLE OIL. THESE TOTALS ARE OF COURSE SUBJECT TO
NEGOTIATING MUTUALLY ACCEPTABLE AGREEMENTS WHICH AMONG
OTHER THINGS WOULD PROVIDE ASSURANCES THAT PAKISTAN IS
EMBARKED ON A COURSE WHICH WILL LEAD TO SELF-SUFFICIENCY
IN ESSENTIAL FOOD STUFFS. DETAILED NEGOTIATING INSTRUCTIONS
WILL BE SENT YOU BY SEPTEL.

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1. YOU MAY ALSO TELL GOP THAT WE ARE PREPARED TO CONSIDER THEIR REQUESTS FOR MILITARY PURCHASES WITHIN THE FRAMEWORK OF OUR GLOBAL AND REGIONAL ARMS POLICIES. YOU MAY TELL THEM THAT THIS SPECIFICALLY INCLUDES CONSIDERATION OF F-5ES IN LIMITED NUMBERS. IF SUBJECT OF FMS FINANCING COMES UP YOU SHOULD SAY THAT SUCH FINANCING WILL NOT BE AVAILABLE DURING COMING FISCAL YEAR BUT WE WILL KEEP THE QUESTION UNDER REVIEW.

2. IN MAKING YOUR PRESENTATION YOU SHOULD STRESS THAT OUR SUPPORT FOR PAKISTAN IS BASED ON ASSUMPTION THAT PAKISTAN WILL NOT ACQUIRE A NUCLEAR EXPLOSIVE CAPABILITY. IN THIS CONNECTION YOU SHOULD ARRANGE TO REVIEW WITH THE GOP US NON-PROLIFERATION POLICY AND ALL PERTINENT LEGAL CONSIDERATIONS.

3. YOU SHOULD ALSO DISCUSS WITH GOP OUR CONTINUING HUMAN RIGHTS CONCERNS, DRAWING UPON YOUR RECENT DISCUSSION WITH ASSISTANT SECRETARY DERIAN. YOU MAY ALSO WANT TO BRIEF GOP ABOUT HUMAN RIGHTS CONCERNS EXPRESSED DURING YOUR CONSULTATIONS ON HILL.

4. YOU MAY INFORM GOP THAT IN RESPONSE TO CMLA ZIA'S REQUEST, UNDER SECRETARY NEWSOM PLANS TO REAFFIRM PUBLICLY IN A SPEECH BEFORE THE COUNCIL ON FOREIGN RELATIONS ON THAT THE DURAND LINE IS THE INTERNATIONALLY RECOGNIZED BOUNDARY BETWEEN PAKISTAN AND AFGHANISTAN.

5. FOR PARIS - PLEASE ADVISE GOP OF FOREGOING. YOU SHOULD TELL GOP THAT IN OUR CONGRESSIONAL CONSULTATIONS WE HAVE MERELY STATED THAT WE ARE SATISFIED THAT THE CONTRACT IS NOT GOING FORWARD AND HAVE NOT MENTIONED ANY GOP ASSURANCES.

6. OTHER INFO ADDRESSEES (EXCEPT KABUL) MAY ADVISE HOST GOVERNMENTS OF FOREGOING AS APPROPRIATE.
ADDITIONAL CLEARANCES:

HA: CSALMON
NSC: TTHORNTON
NEA: JMIKLOS
S/S-O
DOD/ISA: RZWART
P: JFORBES
-2-

When Cy met

In his meeting with Pakistani Minister of State

Agha Shahi today, Cy indicated that we have completed our consultations with Congress and are now in a position to resume normal aid programs for Pakistan and to consider military sales. The latter, of course, would be subject to Congressional review. Cy made clear our continuing concern over Pakistani intentions with respect to nuclear explosives and told Agha Shahi we are proceeding on the assumption that the government of Pakistan has no intention of developing a nuclear capability. Agha Shahi was told that we will have to keep Congress informed of relevant developments in Pakistan with respect to this issue.

Agha Shahi asked for a clarification of our policy with respect to A-7 sales in light of India's intention to buy 200 deep penetration strike aircraft. Cy said we had made our views on this subject absolutely clear to the Indian Foreign Minister this morning. He said there saw no reason for the Indian purchase and warned that it could create a new spiral of arms acquisitions in the region. We added that he thought the Indians were agonizing over the issue and have not yet made their decision. Cy agreed that if the Indians go forward, we would have to review our policy. Agha Shahi was informed that we would have no objection to a sale of F-5Es, subject to Congressional review.
Pakistan. We have now completed Congressional consultations on resumption of economic aid and arms sales to Pakistan now that the French reprocessing deal is off. There were no objections to resumption of economic aid. Although some concern was expressed about arms sales, we found a general willingness not to oppose them.

Recent intelligence suggests that Pakistan is exploring other means of completing the reprocessing plant or otherwise acquiring a nuclear option but as a result of the French cancellation we may have gained a five to ten year delay in their acquiring a reprocessing capability. We will carefully monitor Pakistan's activities and work with other suppliers to inhibit the acquisition of sensitive equipment and materials.

During our consultations we told members of Congress that the proliferation problem with Pakistan was not completely resolved. We believe that a restoration of normal relations would best serve both our non-proliferation objectives and our interest in regional stability. Cy plans to inform Pakistani Foreign Minister Agha Shahi in New York that we are prepared to resume economic aid and limited military sales.

S核 Pakistan may try to acquire a reprocessing enrichment capability from some other country, we would not be in a position to provide U.S. aid.