1. SUMMARY. President Giscard d'Estaing intends to complete the reprocessing plant on its own. The French have information that the Pakistanis have approached Italy, Japan, and Spain to try to buy equipment for that purpose. On the FRG-Brazil deal, Giscard did not raise the issue with Schmidt; nor does his staff think he is likely to raise it during his visit to Brazil in early October. Our source said that the US has more leverage in Brazil than France, and is thus in a better position to exploit the French decision on Pakistan than France herself is. End summary.

2. Elysee International staff source (protect) has expressed to us the belief that Pakistan is seeking assistance that will allow it to complete the reprocessing plant on its own. He said the French have information.
TION THAT THE PAKS HAVE MADE PROBES IN ROME, TOKYO, AND MADRID, AND HE ASSUMES THAT THEY ARE PROBABLY MAKING EFFORTS IN OTHER COUNTRIES AS WELL. HE THEORIZES THAT THE PAKS MAY BE SEEKING TO MAKE A BOMB WITHOUT TESTING IT, IN THE HOPE THAT THEY CAN AVOID THE INTERNATIONAL OUTCRY THAT A NUCLEAR EXPLOSION WOULD PROVOKE WHILE AT THE SAME TIME GIVING THEMSELVES THE MEANS TO RESIST POSSIBLE NUCLEAR BLACKMAIL BY INDIA. SOURCE WAS LESS OPTIMISTIC THAN OUR MFA CONTACTS THAT THE PROSPECT OF FRENCH AND US MILITARY AND ECONOMIC ASSISTANCE COULD DISSUADE THE PAKS.

BACKGROUND OF THE FRENCH DECISION HAD STRESSED THAT THE GOF HAD OFFERED THE PAKS VARIOUS ALTERNATIVES CONSISTENT WITH THE CONTRACT.

4. ELYSEE SOURCE SAID THAT GISCARD HAD NOT MENTIONED THE BRAZIL DEAL WITH SCHMIDT AT THEIR MEETINGS IN AACHEN SEPTEMBER 14 AND 15, ALTHOUGH NOTHING HE SAID INDICATED THAT THE FRENCH ARE ANY LESS CONCERNED ABOUT COMPLETION OF THE FRG-BRAZIL DEAL. THE IMPLICATION WAS THAT MONETARY ISSUES HAD TAKEN UP TOO MUCH TIME FOR OTHER QUESTIONS TO BE DISCUSSED. SOURCE AUDED, HOWEVER, THAT HE Doubted GISCARD WOULD RAISE THE ISSUE WITH THE BRAZILIANS DURING HIS EARLY-OCTOBER VISIT TO BRAZIL. WHILE SOURCE DEPLORED THE PROLIFERATION POSSIBILITIES IN LATIN AMERICA IF BRAZIL WERE TO MAKE A BOMB, HE SAID THAT FRANCE, NOT BEING A PARTY TO THE CONTRACT, WAS IN NO POSITION TO OPPOSE IT AT THIS POINT. IN ANY CASE, FRANCE HAS LITTLE LEVERAGE ON BRAZIL, WHILE THE US (HE ADDED) HAS MUCH MORE. HE ASKED IF THE US HAD RECENTLY EXPRESSED ITS CONCERN TO THE FRG OR TO BRAZIL. WE ANSWERED THAT IT HAS DONE SO CONFIDENTIAL.
OFTEN IN THE PAST BUT COULD NOT CONFIRM WHETHER WE HAVE MADE ANY DEMARCHES FOLLOWING THE FRENCH DECISION TO TERMINATE THE PAKISTAN CONTRACT.

HARTMAN