SECRET

FOR THE SECRETARY FROM ARMACOST

E.O. 12356: DECL: OADR
TAGS: OVIP (ARMACOST, MICHAEL H.), PREL, MNUC, PK
SUBJECT: FIRST DAY IN ISLAMABAD -- AUGUST 2

1. SECRET - ENTIRE TEXT.

2. I HAD A FULL DAY OF MEETINGS IN ISLAMABAD, BEGINNING WITH A ROUNDTABLE DISCUSSION AND WORKING LUNCH CHAINEED BY THE FOREIGN SECRETARY, FOLLOWED BY A LENGTHY SESSION WITH YAQUB KHAN AND HIS NUMBER TWO, ZAIN NOORANI, AND CAPPED BY A MEETING AND DINNER WITH PRIME MINISTER JUNEJO.

3. THE SUBSTANTIVE EXCHANGES FOCUSED ALMOST EXCLUSIVELY ON THE NUCLEAR ISSUE AND AFGHANISTAN. ON THE FORMER, I EMPHASIZED THE NEED FOR IMMEDIATE PRACTICAL STEPS TO DEMONSTRATE TO AN AROUSED CONGRESS AND A SKEPTICAL ADMINISTRATION THAT NO FURTHER ILLEGAL PROCUREMENT ACTIVITIES WOULD TAKE PLACE AND THAT WE HAD VERIFIABLE ASSURANCES THERE WOULD BE NO FURTHER ENRICHMENT OF WEAPONS-GRADE URANIUM.

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4. ALL PAK OFFICIALS TOOK THE FOLLOWING LINE:

-- IT WOULD BE INSANE FOR THE GOP LEADERSHIP TO HAVE
ORDERED PROCUREMENT EFFORTS IN THE U.S. AT THIS CRITICAL TIME;
-- IN MAY 1986, FIRM INSTRUCTIONS WERE ISSUED TO THE CONCERNED AGENCIES THAT NO NUCLEAR PROCUREMENT ACTIVITIES SHOULD VIOLATE THE SUPPLIER COUNTRY'S EXPORT REGULATIONS;

-- THE USG HAS BROKEN FAITH WITH THE GOP IN MOUNTING A STING OPERATION TO TRAP PERVEZ, WHILE REPEATEDLY REFUSING TO SUPPLY INFORMATION ABOUT ALLEGED ILLEGAL PROCUREMENT;

-- PAKISTAN HAS BEEN PREMATURELY AND UNFAIRLY DECLARED GUILTY OF ILLEGAL PROCUREMENT ACTIVITIES IN THE U.S., EVEN THOUGH THE JUDICIAL PROCESS HAS JUST BEGUN;

-- PERHAPS THE PERVEZ CASE WAS A ROGUE OPERATION WITH CERTAIN INDIVIDUALS IN PAKISTAN INVOLVED;

-- PAKISTAN IS WILLING TO PURSUE THIS CASE NO MATTER WHERE IT LEADS. HOWEVER, ON THE BASIS OF INFORMATION AVAILABLE TO IT SO FAR (INCLUDING FROM BRIG. INAM'S COMPANY), THE GOP DOES NOT HAVE GROUNDS FOR PROSECUTING ANYONE IN PAKISTAN.

-- THEREFORE, IT NEEDS EVIDENCE FROM THE USG TO ENABLE IT TO PUNISH THOSE WHO ARE GUILTY. (YAQB TOLD ME PRIVATELY THAT THE GOP HAS BRIGADIER INAM UNDER SURVEILLANCE. ONCE THEY ARREST HIM, HOWEVER, THEY CAN SECRET

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HOLD HIM ONLY FOR 14 DAYS BEFORE INDICTMENT.

THEREFORE, THERE IS A DEFINITE NEED FOR THE EVIDENCE FROM THE U.S. BEFORE THE PAKS CAN PROCEED FURTHER, SINCE THEY CURRENTLY HAVE NO BASIS FOR PROSECUTING HIM UNDER THEIR LAW.

-- THEY ARE WILLING TO COOPERATE FULLY, AND SAID SO REPEATEDLY, BUT THEY INSIST WE MUST BE WILLING TO RECIPROCATE AND GIVE THEM INFORMATION ON WHAT WE KNOW ABOUT THE PERVEZ OPERATION AND OTHER SUCH ILLEGAL PROCUREMENT ACTIVITIES.

-- ON ENRICHMENT, YAQB REPEATED ZIA'S LINE THAT WE HAVE TO FIND SOME MEANS THAT REASSURE THE U.S. ON ENRICHMENT LEVELS WITHOUT DEROGATING FROM PAKISTAN'S
SOVEREIGNTY. ALL PAK OFFICIALS CONTINUE TO INSIST THAT ON-SITE VERIFICATION IS NOT ACCEPTABLE. IN ANY CASE, THE U.S. HAS SAID IT WILL KNOW THROUGH ITS INTELLIGENCE IF PAKISTAN IS VIOLATING THE 5 LEVEL.

5. WE AGREED TO TRY TO PUT TOGETHER A BASKET OF STEPS PAKISTAN CAN TAKE TO MEET HILL CONCERNS ABOUT THE NUCLEAR ISSUE. ON PROCUREMENT, THIS COULD INCLUDE OUR RECEIVING COPIES OF GOP INSTRUCTIONS TO ITS AGENCIES PROHIBITING ACQUISITION OF SENSITIVE NUCLEAR ITEMS IN THE U.S., PUBLIC REITERATION OF ZIA'S PROMISE TO PURSUE THE PERVEZ CASE NO MATTER WHERE IT LEADS, VIGOROUS LEGAL ACTION AGAINST INAM (AND ANYONE ELSE

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1. SECRET - ENTIRE TEXT.
   IMPLICATED AT THIS END), AND EVIDENCE THAT PAKISTAN IS
   TIGHTENING UP ITS OWN REGULATIONS TO ENSURE SIMILAR
   EFFORTS WILL NOT RECUR.

   6. WE ALSO EMBARKED ON A DISCUSSION OF ESTABLISHING
   TWO U.S.-PAKISTAN WORKING GROUPS. ONE, ON
   PROCUREMENT, WOULD SHARE INFORMATION ON OUR VARIOUS
   LAWS AND REGULATIONS ON ILLEGAL NUCLEAR-RELATED
   EXPORTS. IT WOULD ALSO PROVIDE A CHANNEL FOR
   PROVIDING THE GOP ILLUSTRATIVE EXAMPLES OF OTHER
   ILLEGAL PROCUREMENT EFFORTS PAKISTAN IS CONTINUING IN
   THE US. THE SECOND GROUP -- COMPOSED OF A FEW PEOPLE
   ON EACH SIDE WHO ARE KNOWLEDGEABLE ABOUT THE NUCLEAR
   ISSUE AND POLITICALLY SENSITIVE -- WOULD DEFINE AND
   ESTABLISH A MUTUALLY ACCEPTABLE BASIS FOR FURNISHING
   RELIABLE ASSURANCES ON ENRICHMENT. IF WE CAN
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   INFORMALLY WORK OUT TERMS OF REFERENCE, WE WILL REFER
   THEM TO THE DEPARTMENT BEFORE GOING AHEAD WITH THE
   IDEA.

   7. ON AFGHANISTAN, WE SHARED SIMILAR ASSESSMENTS OF
   THE SUCCESS OF THE MILITARY EFFORT OF THE MUJAHIDIN
   AND THE WEAKNESS OF THEIR POLITICAL AND DIPLOMATIC
   ACTIVITIES IN THE FACE OF RECENT GORBACHEV
   INITIATIVES. YAQUB AGREED THAT WE SHOULD FORMULATE A
   SET OF GUIDELINES OR PRINCIPLES FOR A POLITICAL
   SETTLEMENT PROPOSAL WHICH THE RESISTANCE COULD PROPOSE
   PUBLICLY AS A WAY OF COUNTERING THE SOVIET PROPAGANDA
   EFFORT. ARNIE WILL PURSUE THIS WITH YAQUB. WE ALSO
   AGREED TO DEVELOP A GAME PLAN JOINTLY TO LIMIT EROSION
   IN THIS YEAR'S AFGHANISTAN VOTE AT THE UN. FINALLY,
   WE AGREED ON THE UTILITY OF PUSHING THE NEUTRALITY
   CONCEPT FURTHER IN ANY DISCUSSIONS EITHER OF US
   CARRIES ON WITH THE SOVIETS IN THE IMMEDIATE FUTURE.
I WILL SPEND TOMORROW WITH THE PAK DEFENSE TEAM, THE ALLIANCE, AND PRESIDENT ZIA. RAPHEL