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Chris:

Herewith Tom Pickering's ideas on where we should now go with Pakistan. This paper is being cleared around. I gather David Newsom generally agrees with it.

The paper basically proposes an audacious buy-off, premised on the "need" to maintain Pakistan's stability and security. That need is not analyzed or questioned, however, and I think it ought to be before we take the kind of plunge this memo suggests.

A.C.V.
Steve

Chris - This ~~is~~ ^{is} wrong. David thinks this memo should be "killed".

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March 5, 1979

MEMORANDUM

TO: The Secretary

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

FROM: NEA - Harold Saunders
OES - Thomas R. Pickering

OBE

A Strategy for Pakistan

With the completion of Warren Christopher's trip we are urgently in need of a comprehensive strategy for Pakistan. We face two major issues: (1) an increasing and security requirement for stability/in the South Asia region in which Pakistan is a key actor and (2) the need to deal with Pakistan's nuclear weapons program.

The first issue we must decide is whether one of these questions should be given priority and dealt with separately. For the following reasons, we conclude they both must be dealt in tandem as part of the major common problem of security and stability in South Asia. To deal alone and separately with the nuclear weapons problem is likely to push us into a punitive and restrictive policy toward Pakistan thus ignoring the major need also to enhance through assistance programs its security and stability. Similarly, ignoring Pakistan's nuclear ambitions is most likely to set off a nuclear arms competition with India rekindling its "explosives" program. The bomb

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program will also make it enormously difficult for the Congress to provide the assistance necessary to support Pakistan's need for security and stability. The likelihood of an "Islamic bomb" with its consequences in the Arab-Israeli dispute will increase Congressional concern over anything we might propose doing for Pakistan. The key to making a joint strategy work will be our judgment about whether we can, and if so with how much effort on our part, persuade Zia to drop his plans for a bomb. The answer rests in how much we might be able to do to strengthen Pakistan's security and stability. We think there is still a chance and that we should make a major effort to do so.

STAGE ONE

We envisage a three-stage approach, the first step of which is crucial. We will have to introduce some elasticity to both our conventional weapons and non-proliferation policies. Zia will have to be shown what sort of a package we are prepared to provide to stabilize Pakistan's position in South Asia. These programs must be presented to him as directed to that end. At the same time he must also be given a clear view of: (1) the major difficulty we will have in securing Congressional approval for such a program if he persists with building a nuclear weapon, (2) our wide and continuing knowledge of his nuclear program including such details as the sites in Pakistan being used to pursue the program, (3) our determination, with other nuclear suppliers, to do all we can

Zia
Khan?

by cutting supply to ensure that such a program will not succeed, (4) the major diplomatic efforts we have and will continue to undertake among states which are key to Pakistan's survival--China, Saudi Arabia, the major Europeans and Japan--to ensure that Zia knows of their concerns, and (5) finally our evaluation that a nuclear weapon capability in Pakistan will result in a race with India

for a similar capability and a consequent lowering of security and stability for Pakistan and the region.

AID PACKAGE

The key to our success will be in the quality of the stability and security package which we are prepared to offer. The most important item which we can provide is conventional armament to deal with Pakistan's deep security concerns regarding India, Afghanistan, Iran and Baluchistan.

We will have to make a hard decision, in the face of the collapse in Iran, that provision (for cash) of modern conventional weapons in Pakistan, such as the F-16, should take priority over the proliferation of a nuclear weapon there. Iran's shift would help with the arms ceiling problem and India's acquisition of the Jaguar might reduce, but will not eliminate, traditional Indian concerns with arming Pakistan. Some provision of American technicians to maintain the weapons for a reasonable period of time should also serve to reassure Zia of our continuing support. In addition to F-16's, we should consider favorably the provision of Cobra helicopters with TOW missiles, some sophisticated

air defense and other modern weapons. FMS credit at about the \$50m. level for FY 1980 (through a supplemental) and FY 1981 should be part of the military package.

In the economic area, we should continue our high level of PL 480 assistance and consider an immediate economic assistance program by reprogramming current development aid and ESF (SSA) funds at about the \$30m. level (\$11.8m. in Afghan money, \$8m. in Latin American Development aid and \$11.0m. in MESRF funds).

More importantly will be the need to consider supplementary economic aid to Pakistan this year through a \$60m. ESF package allocated in the main to projects in Baluchistan, with an FY 1981 package to follow at the \$100m. level. Debt rescheduling should also proceed on the basis that Pakistan can be expected to be persuaded to accept the IMF stabilization program. We should seek to get other creditors to join us and, through consultations, bring the Congress along with this approach both on the basis of the current political and security needs of Pakistan and the fact that if debts are not rescheduled now we are certain to face the unavoidable need for rescheduling within six to twelve months in any event. Debts should be rescheduled at the 70 percent level which means that Pakistan would be relieved of paying the U.S. this year \$70m. out of the \$100m. owed to us. Other consortium members, if they could be brought to follow suit, could relieve Pakistan of any additional \$70m.

Authority NND 529477
 By R-NAR Date 5-7-10

In sum the package would include: (a) willingness to sell for cash F-16's (2-3 squadrons--36-48 aircraft) and other modern weapons (Cobra with TOW); (b) \$50m. in FMS credits (guarantees); \$30m in immediate DA and ESF reprogramming, with \$60m. in an ESF supplemental for FY 80 and \$100m in FY 81; (c) continuing PL-480 assistance with perhaps an immediate \$10m. reprogramming action; and (d) debt rescheduling of \$70m. by the US and \$70m. by others for the next two years.

<u>New Items</u>	<u>FY 80</u>	<u>FY 81</u>
FMS credit (guarantee)	50m	50m
Reprogramming DA, ESF	30m	
ESF supplemental	60m	
New ESF		100m
Debt reschedule (50% US)	140m	140m
PL-480 reprogramming	<u>10m</u>	<u> </u>
TOTAL	290m	290m

STAGE TWO

A second stage of the strategy, provided Zia showed interest in the idea of abandoning his weapons program, would be to approach the Indians to revive the idea which Zia first advanced of a "no weapons-building, no weapons use" agreement between India and Pakistan. It is likely that India if at all receptive would press for pledges by the major outside nuclear powers that they would not use or station nuclear weapons in the subcontinent. In such case we should undertake to approach the Soviets and the Chinese--assuming

that the British and French would be prepared also to join. This should be a definite second step and not be part of the first effort we make given India's continuing aversion to dealing with Pakistan on this issue and the fact that the failure of such an effort, if attempted prematurely, would be likely and that such a failure could well be used by the Indians as an excuse to restart their own nuclear explosive program.

STAGE THREE

A third stage could well follow in which we might consider a waiver of the March 1980 nuclear fuel cutoff date for India if it adhered to the "no nuclear weapons" pact, would consider positively adhering also to future CTB and also maintained a safeguards dialogue with us that could include the idea eventually of some form of Indo-Pak mutual inspection of peaceful nuclear facilities. The third stage is visionary and certainly not essential. However we must in the aftermath of Iran set our sights high or we will achieve neither our larger security goals for South Asia nor our non-proliferation policy.

THE CONGRESS

The Congressional strategy will be crucial. We will need to ensure that we do not allow ourselves to be whip-sawed on the Hill between the non-proliferators and those more deeply concerned about South Asian and world security. The strategy attempts to do this. It will also be crucial for us to provide enough time to make the strategy effective and here a premature cut-off of aid to Pakistan under the Symington or Glenn amendments should be avoided by working closely with Senator Glenn and others on the Hill on the

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necessary changes or revisions of those laws if such is required. Finally, in pursuing this strategy we will need to work carefully to avoid giving the impression that we are buying off Zia's weapons program--the way to accomplish this will be to put primary emphasis with Zia and others on the need to assure South Asian and Pakistan security and the fact that the bomb program stands squarely in the way of achieving this objective.

*?
Dreaming?*

RECOMMENDATION: That you approve this strategy and our developing an action plan to carry it out as the next step.

APPROVE _____ DISAPPROVE _____

What precisely is that need?

Drafted by: OES:TRPickering:rrs

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