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THE SECRETARY OF STATE
WASHINGTON

Cy - I'm not inclined to bribe him. My inclination would be to go no further than A-5's - if he cancels the reprocessing plant -

April 8, 1977

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INTERAGENCY SECURITY CLASSIFICATION APPEALS PANEL,
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DECLASSIFICATION DATE: December 02, 2016

MEMORANDUM FOR: THE PRESIDENT
From: Cyrus Vance *CW*
Subject: Negotiations with Pakistan on the Nuclear Issue; Congressional Reactions

We have been consulting informally with key members of the House International Relations Committee and Senate Foreign Relations Committee on our negotiating problem with Pakistan and the possible elements of a package proposal designed to persuade Pakistan to forego its nuclear option. During these consultations we have emphasized that there has been no Administration decision on the nature of a package but that we wanted to obtain Congressional reactions before we made a final decision and began negotiations.

The Congressional reaction to this form of consultations has been enthusiastic. Both Chairman Zablocki and Senator Humphrey went out of their ways to express appreciation for being consulted before final decisions were made. There was unanimous agreement that it was highly desirable to prevent Pakistan from obtaining a nuclear fuel reprocessing plant and that we should be prepared to offer Bhutto a package of trade-offs designed to enable him to take on the political costs he would incur in cancelling or indefinitely postponing this project.

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*a soft approach
1) early assistance
fuel/used uranium
2) F-5/A-4 aircraft
3) economic assistance*

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A number of Congressmen and Senators expressed concern about the arms supply aspects of such a negotiation. These members want to be assured that items included in the military package will not destabilize the military status quo on the subcontinent and will not foreclose opportunities for improving the U.S.-Indian relationship.

I agree

Specifically, members recommended against offering the A-7 and FMS credits to Pakistan. Chairman Zablocki of the HIRC stated that we should offer "no more modern equipment than the F-5," (although he later conceded that the A-4 would not be objectionable in small quantities) and that we "should not agree to FMS credits." Senator Humphrey stated, "I want to go on record as strongly opposing the A-7. It has offensive capabilities which would be destabilizing on the subcontinent."

We indicated that, because of discussions held between Bhutto and the previous Administration, Pakistan may insist on A-7s and FMS credits. The members seemed to understand the difficulty this problem poses, but warned that selling a package to Congress which includes these two components will be exceedingly difficult. We stated that we would consult further before making any offer of these items.

Why do they have a right to insist?

Members expressed concern that an FMS credit relationship with Pakistan would constitute a fundamental change in U.S. policy. Lee Hamilton expressed concern that such a change might signal that "we have yet to understand that India is the most important country on the subcontinent." Senator Humphrey, while stating that he is sympathetic to Pakistan's legitimate military needs, warned that the extension of FMS credits would represent "a fundamental change of policy," and advised, "I would feel out the Indians on all these matters."

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There was general agreement that other items in our proposed package are not unreasonable and would face no strong Congressional objections. Some concern was expressed about the A-4, but the members seemed to accept the fact that the A-4 would not be perceived by the Indians to be as threatening as the A-7. It is clear that the recent Indian election has markedly transformed Congressional attitudes toward that country.

With some qualifications, the members support the concept of an economic aid package, although they pointed out that enactment of any foreign aid legislation is difficult. Senator Humphrey stated that the SFRC "is much more sympathetic to economic needs (than to military)." Congressman William Broomfield said that "those affected by the President's decision on water projects will be looking very hard at foreign aid." Congressman Bingham, who is strongly in favor of the course we propose, told his colleagues that we will have to pay a high price but that "stopping the reprocessing facility will be well worth the price we have to pay." Senator Humphrey concluded the meeting by stating that further consultations would be welcomed; the views he and other Senators had expressed represented their "druthers."

To sum up, we believe that these consultations have produced a better understanding of the difficult trade-offs we face in developing military and economic packages adequate to convince the Government of Pakistan to cancel its contract with France. Within the limits described above, these members are prepared to support a negotiating package aimed at stopping the delivery of the reprocessing facility. All members with whom we consulted appreciate the dangers inherent in nuclear proliferation and seem willing to pay a reasonable price to prevent this transaction.

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DEPARTMENT OF STATE
WASHINGTON

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MEMORANDUM FOR: THE PRESIDENT

FROM: Warren Christopher, Acting *WC*

SUBJECT: Reprocessing Negotiations with
Pakistan: A Negotiating Strategy

Last week, Prime Minister Bhutto told Ambassador Byroade that he was prepared to enter into negotiations with us to achieve a quick resolution of the nuclear reprocessing issue. Up to then, Bhutto had delayed opening talks--primarily, we judge, because of pre-occupation with his domestic problems.

In now wanting to move quickly on resolving this problem, Bhutto may be influenced by recent developments in India and Pakistan, believing that these developments presage a warming of U.S.-Indian relations and a less sympathetic U.S. attitude toward Pakistan. He has probably also been impressed with your determination with respect to nuclear proliferation issues.

In this situation, Bhutto's overriding consideration remains his determination to stay in power. In the final analysis, his decision on how to deal with us on the nuclear reprocessing question will be determined by his judgment of the effect it will have on his domestic political position. He has capitalized on the reprocessing agreement with France to strengthen his position domestically. For him to back down on this, without being able to demonstrate that he has

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received significant benefits for Pakistan, would provide additional ammunition to his domestic opposition.

We believe we should respond to Bhutto's willingness to negotiate as speedily as possible. While Bhutto's domestic position appears uncertain, he has just been reelected Prime Minister, and we have no alternative to dealing with him if we are to move quickly to resolve this problem. We will, of course, watch the Pakistani domestic situation carefully as discussions unfold.

We have urged the French to cancel or indefinitely postpone the sale. They have been helpful by delaying shipments of sensitive technology and agreeing to accept Pakistan's cancellation if it were to take place as well as to forego any future sales of reprocessing plants. However, internal political pressures today are such that the French Government cannot itself cancel the sale and it faces difficulties in further delay in deliveries unless the Pakistanis acquiesce.

We believe that we have a good chance of persuading Bhutto to forego his nuclear purchase if we can offer him trade-offs which he can present domestically as responsive to Pakistan's legitimate military, economic and energy needs. Our approach has been to seek to develop a package which could stand on its own feet in the face of Congressional and public scrutiny, i.e., arms sales which would not start an arms race in South Asia or cause us major difficulties with India and an economic package which is sensible in development terms. While we are likely to encounter some criticism for having "bought off" Pakistan, I think we would be on good grounds to defend our position. Given the high priority we attach to non-proliferation, we should be prepared to accept this risk.

A-5's
only

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The Package we propose to offer to Bhutto would be made up of items listed below.

Arms. We would offer cash sales of aircraft concentrating on F-5Es but also including A-4s if necessary. Pakistan's air force consists primarily of vintage F-86s and Chinese MIG 19s--there is a genuine need for modernization. We would also offer to continue cash sales of less controversial equipment, which we could have sold under existing guidelines: air defense radar systems, general utility helicopters, C-130 transport aircraft, self-propelled howitzers, communications equipment, two surplus destroyers and helicopters mounted with TOW anti-tank missiles. In our judgment, and that of ACDA and Defense, such an offer can be justified on its merits and would not be destabilizing in South Asia. Before the elections, Indian officials privately told us that they have no problems with the sale of the non-aircraft items and they would probably not object loudly to F-5Es. *no*

We recognize that Bhutto may not be satisfied with this offer and he may insist on at least some A-7s and possibly FMS credits, both of which were offered by Kissinger last August. We will try to convince him that our offer meets his needs but, if he is insistent on other terms, we will come back to you with his requests and our recommendations. *no*

Economic and Energy Items. Kissinger offered and Bhutto has expressed interest in "generous" economic assistance. Pakistan will receive about \$76 million in aid this year and AID has proposed \$98 million for FY 78 under the regular development program. We would like to

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consider an addition \$100-125 million economic assistance package to be extended over two to three fiscal years. AID has pointed out that there are serious Congressional problems with using economic development funds for a political purpose of this kind, and we would only go forward with this element after further review with AID and consultation with the Congress.

I don't favor this

We would add as generous Title I PL 480 assistance as we can offer and perhaps some sort of agreement on U.S. holdings of Pakistani rupees, if Congressional leaders concur. On the energy side, we would make the same offers we have made to Brazil--assured fuel supply for Pakistan's nuclear reactors, participation in an international fuel cycle evaluation program, and technical assistance in the non-nuclear energy field. We would reiterate Kissinger's offer to seek to facilitate financing of a French nuclear reactor and possibly a low enriched fuel fabrication plant in lieu of the reprocessing facility.

*OK
Why finance a French purchase?*

Congress. Before talking to the Pakistanis we believe we should consult informally on all aspects of our position with key Congressional leaders.

India. A key element in our thinking is our desire to avoid antagonizing the new Indian Government. India is the preeminent power in South Asia and it would be pointless to go back to the policies of the 1950s which the Indians perceived as an attempt to build up Pakistan as a rival to India. We would consult at an appropriate stage with the Indians and believe that, while they will complain, they will accept the approach outlined to you as not threatening their desire toward regional stability.

Recommendation:

Cy Vance and I would appreciate your approval of the above approach. We are under considerable time pressure due to our desire to avoid being faced with a fait accompli in Brazil and/or Pakistan. If you concur in it, we will keep you informed on our consultations with Congress and

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the course of the negotiations with Pakistan.

Approve _____ Disapprove _____

*See all
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