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DEPARTMENT OF STATE

ACTION MEMORANDUM

Oct. 18,1977

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TO:

The Secretary

THRU:

D - Mr. Christopher

P - Mr. Habib

T - Mrs. Benson

FROM:

NEA - Alfred L. Atherton, Jra

EUR - George S. Vest G-V/44C)

SUBJECT:

The Nuclear Reprocessing Issue with Pakistan

and France; Whether to Resume Aid to Pakistan

ISSUES FOR DECISION

(1) Whether to continue deferral of development aid to Pakistan for the time being, and (2) approval of instructions to Ambassadors Hummel and Hartman for approaches to the Governments of Pakistan and France respectively.

ESSENTIAL FACTORS

You will recall that in connection with the October 7 bilateral with Pakistan Foreign Secretary Agha Shahi, you asked us to look into the question of resuming development aid for Pakistan.

There have been a number of developments that relate to the broader reprocessing question, which also require decisions on how we proceed in both Paris and Islamabad. The Department officers and NSC staffers concerned with this issue met last week to review the situation.

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France:

As you know, the Pakistanis have rejected the French offer of a restructured reprocessing plant, thus highlighting their desire for plutonium for which there is no economic justification. We consider this a potentially positive development, since the French now seem more fully persuaded of the need to get out of the contract. They have said privately that they will transfer no more sensitive equipment and will consider "non-sensitive" transfers only after the Pakistanis sign off on two other pending commercial deals.

The French continue to stress the need to hold information on their present posture very closely, presumably out of concern for possible domestic repercussions in France. We consider it important to respect the French wishes for confidentiality, but we believe it likely that therewill be leaks in Pakistan fairly soon on the French proposal and the holdup of transfers.

The French are now grappling with the question of how to get out of their contract. They would almost certainly prefer to delay any decision until after their March elections. They have suggested that the next move is up to the U.S., noting that we may have means of influencing Pakistan possibly through military assistance. Ambassador Hartman, however, recalls that DeGuiringaud in their earlier conversation said that if the Pakistanis rejected the French proposal, this would be sufficient excuse for cancellation. The Ambassador recommends that we press the French on this and not allow them to put the ball In any event, our leverage in back in our court. Islamabad on this issue is very limited. Draft instructions for Ambassador Hartman which follow his recommendations are attached.

Pakistan:

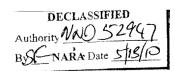
The elections in Pakistan have been postponed for at least eight months and perhaps longer. Although General Zia has put a lid on political party

activity, the situation remains highly unstable and the present regime will find it difficult to make hard decisions. Agha Shahi told you, probably quite correctly, that the Government cannot change its position on reprocessing for political reasons and intends to press for fulfillment of the contract.

Nonetheless, we believe that during this difficult period, it is desirable to keep our lines open to Pakistan so that we can exercise some constructive influence on future developments, when and if the French cancel their contract. On the other hand, we should not signal acquiescence or reduced concern over Pakistan's present intentions to move ahead with reprocessing.

Ambassador Hummel recommends that we resume aid, since the Pakistanis are not in violation of the Glenn Amendment. (Islamabad 10226, Attachment 3). He believes the current suspension places us in a punitive posture and that our assistance could make a significant difference in the months ahead, particularly in procurement of fertilizers essential to maintain food production. AID has also suggested that we review our position with respect to a \$25 million fertilizer loan in the interests of sustaining agricultural yields. Ambassador Hartman, on the other hand, recommends that we not resume aid and, if we are considering doing so, that we first consult with the French (Paris 30459, Attachment 4).

Before signing off on a new agreements, we would need to consult with a number of Congressional leaders concerned with AID and with non-proliferation matters. The fact remains that the well publicized position of both France and Pakistan is that they intend to move ahead with implementation of the reprocessing plant contract. We would almost certainly have to deal with very tough questions from some Congressmen or staffers and we would be faced with the choice of providing unconvincing jusitification or risking embarrassment in our relations with Paris. Joe Nye points out that the Administration is very anxious to have the Nonproliferation Policy Bill passed during this session, but that its position in Congress is very fragile at the moment, and he believes that consultations on aid to Pakistan could well be leaked in a way which would endanger passage during this session.



It is therefore, the unanimous recommendation of those concerned in the Department (T, S/AS, PM, NEA, EUR and OES) that we continue to defer aid to Pakistan, on the understanding that we review the situation in another two or three weeks. AID also concurs in this recommendation.

In the meantime, we recommend that Ambassador Hummel initiate discussions with General Zia designed to reaffirm our desire for close relations with Pakistan, to restate our concern over the reprocessing plant and to explain carefully the terms of the Glenn Amendment. (Zia apparently does not understand the implications of Glenn.) If pressed on the current status of aid, Ambassador Hummel should indicate that we are continuing to review the situation. To the best of our knowledge transfers have not taken place since August 4, but we need to be in a position to reassure the Congress on this point.

Recommendation:

That you concur in the recommendation that we continue to defer development aid to Pakistan on the understanding that we will review the position again in two to three weeks.

	Approve	Disapprove	
	Recommendation:		
Ambas	That you approve the attached instructions to bassadors Hartman and Hummel.		
	Approve	Disapprove	
Attachments:			

- 1. Instructions to Ambassador Hartman
- 2. Instructions to Ambassador Hummel
- 3. Islamabad Telegram #10226 (NODIS)
- 4. Paris Telegram #30459 (NODIS)

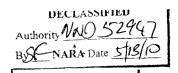
Drafted by: NEA/PAB: JACoon: so

10/18/77 ext. 20353

Clearances: AID/ASIA: Mr. Sullivan

T:Dr. Nye

PM:Mr. Oplinger EUR:Mr. Dobbins OES:Mr. Nosenzo S/AS:Mr. Kelly



NEA/PAB: JACOON: DE LD/L8/77 EXT. 20353 THE SECRETARY

AID/ASIA:MR. SULLIVAN PM:MR. OPLINGER OES:MR. NOSENZO S/S T:DR. NYE
EUR:MR. DOBBINS
S/AS:MR. KELLY
NEA:ALATHERTON

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ISLAMABAD

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CHEROKEE, FOR AMBASSADOR HARTMAN

E.O. 11652: GDS

TAGS: MNCC, TECP, PK, FR, US

SUBJECT: FRENCH/PAKISTAN REPROCESSING DEAL

REF: PARIS 29645

- I. WE AGREE WITH YOUR VIEW THAT THE FRENCH NOT BE ALLOWED TO PUT THE BALL BACK IN OUR COURT ON THE REPROCESSING CONTRACT. OUR LEVERAGE IN ISLAMABAD IS VERY LIMITED AT THIS STAGE AND WE SEE NO REAL POSSIBILITY OF PERSUADING THE PAKISTANIS TO CALL OFF THE DEAL. WE CONTINUE TO HOPE THAT THE FRENCH WILL FIND THE PAKISTANI REJECTION OF THEIR PROPOSAL TO BE SUFFICIENT GROUNDS TO CANCEL THE CONTRACT.
- 2. WE SHOULD, THEREFORE, MAKE AN APPROACH TO THE FRENCH ALONG THE FOLLOWING LINES:
- -- INDICATE WE SHARE THE FRENCH ASSESSMENT THAT AGHA SHAHI'S EXPLANATION OF PAKISTAN'S NEED FOR PLUTONIUM WAS UNSATISFACTORY. WE ALSO SHARE THEIR VIEW THAT THE POLITICAL SITUATION IN PAKISTAN IS HIGHLY UNSTABLE AND THAT THE WEAKNESS OF THE PRESENT GOVERNMENT MAKES DECISION-MAKING VERY DIFFICULT.
- -- NOTE DEGUIRINGAUD HAD EARLIER INDICATED THAT IF PAKISTAN

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> REJECTED THE FRENCH PROPOSAL, IT WOULD PROVIDE GROUNDS FOR CANCELLATION OF THE PROJECT. EXPRESS UNDERSTANDING THAT THE TIMING OF ANY SUCH MOVE MUST TAKE INTO ACCOUNT OTHER FRENCH INTERESTS IN PAKISTAN. NONETHELESS, IT IS OUR BEST GUESS THAT THE FRENCH PROPOSAL WILL LEAK IN PAKISTAN IN THE NOT TOO DISTANT FUTURE.

- -- OUR LEVERAGE WITH PAKISTAN IS DISTINCTLY LIMITED. THE US HAS NOT BEEN THE MAJOR MILITARY SUPPLIER TO PAKISTAN SINCE THE 1965 WAR WITH INDIA. UNDER OUR POLICY WE DO NOT PROVIDE GRANTS OR CREDITS FOR MILITARY PURCHASES BY EITHER INDIA OR PAKISTAN. WE HAVE BEEN PERMITING CASH SALES ON A CASE-BY-CASE BASIS IF THE ITEM DOES NOT INTRODUCE NEW MILITARY TECHNOLOGY OR CONTRIBUTE TO AN ARMS RACE IN SOUTH ASIA. HOWEVER, EVEN CASH SALES HAVE BEEN LIMITED BY THE POOR PAKISTANI FOREIGN EXCHANGE POSITION.
- -- WE WILL OF COURSE REAFFIRM TO THE PAKISTANIS WHENEVER WE HAVE AN OPPORTUNITY THE FACT THAT THE REPROCESSING PLANT POSES AN OBSTACLE TO CONTINUING GOOD RELATIONS AND IF IT GOES FORMARD WOULD REQUIRE A CUTOFF OF DEVELOPMENT ASSISTANCE.
- -- WE DO NOT PLAN TO RESUME ECONOMIC AID FOR THE TIME BEING SINCE WE MUST CONSULT WITH CONGRESS BEFORE DOING SO. IT DOES NOT SEEM POSSIBLE TO PRESENT OUR CASE WITHOUT RISKING DISCLOSURE OF THE PRESENT FRENCH POSTURE ON NO FURTHER SENSITIVE TRANSFERS.
- -- NONETHELESS: WE CONSIDER IT IMPORTANT TO KEEP OUR LINES OPEN TO PAKISTAN AT THIS CRUCIAL JUNCTURE AND WOULD LIKE TO RESUME AID AS SOON AS IT IS FEASIBLE. THE GLENN AMEND-MENT DOES NOT PRECLUDE THIS SINCE TO THE BEST OF OUR KNOWLEDGE NO TRANSFERS HAVE TAKEN PLACE SINCE AUGUST 4. HOWEVER, WE WOULD HOPE THAT THE FRENCH WILL CONTINUE TO DEFER ALL TRANSFERS, INCLUDING QUOTE NON-SENSITIVE UNQUOTE ITEMS SINCE THE LEGISLATION DOES NOT DISTINGUISH BETWEEN QUOTE SENSITIVE UNQUOTE AND QUOTE NON-SENSITIVE UNQUOTE.

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AID/ASIA:MR. SULLIVAN PM:MR. OPLINGER 0ES:MR. NOSENZO S/S T:DR. NYE
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CHEROKEE, FOR THE AMBASSADOR

E.O. 11652: GDS

TAGS: PK, US, PFOR

SUBJECT: REPROCESSING PLANT AND THE QUESTION OF AID

REF: ISLAMABAD 10226

I. WE HAVE CAREFULLY CONSIDERED YOUR RECOMMENDATION THAT WE RESUME AID TO PAKISTAN. WE AGREE THAT TO THE BEST OF OUR KNOWLEDGE, THERE HAS BEEN NO VIOLATION OF THE GLENN AMENDMENT, AND THAT THERE ARE PERSUASIVE ECONOMIC AND POLITICAL REASONS FOR RESUMPTION.

2. AS YOU POINTED OUT, PRIOR CONSULTATION WITH KEY CONGRESSIONAL LEADERS WOULD BE ESSENTIAL. UNFORTUNATELY, WE SEE NO WAY TO AVOID RISKING A LEAK WHICH WOULD EMBARRASS THE FRENCH, BY SUGGESTING THAT THEY WERE NOT FULFILLING THEIR COMMITMENT.

3. MOREOVER, THE ADMINISTRATION IS EXTREMELY ANXIOUS TO HAVE THE NON-PROLIFERATION POLICY BILL PASSED DURING THIS SESSION OF CONGRESS BUT THE SITUATION ON THE HILL IS FRAGILE. CONSULTATIONS LEADING TO RESUMPTION OF AID TO PAKISTAN, IN FACE OF THE PUBLICLY STATED INTENTIONS OF BOTH THE FRENCH AND PAKISTANIS TO MOVE AHEAD ON THE REPROCESSING CONTRACT, COULD BE USED TO DELAY PASSAGE OF THIS LEGISLA-

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TION WHICH IS CRITICAL TO OUR NON-PROLIFERATION EFFORTS WORLDWIDE.

- 4. WE' THEREFORE, HAVE CONCLUDED THAT WE SHOULD CONTINUE OUR AID DEFERRAL FOR THE TIME BEING, BUT WE WILL REVIEW THE SITUATION AGAIN IN TWO TO THREE WEEKS.
- 5. NEVERTHELESS, WE AGREE YOU SHOULD APPROACH ZIA,
 PARTICULARLY TO DISABUSE HIM OF ANY MISUNDERSTANDING ABOUT
 THE GLENN AMENDMENT AND TO REAFFIRM OUR CONTINUING DESIRE
 FOR CLOSE RELATIONS AND THAT RESOLUTION OF THE REPROCESSING
 ISSUE WOULD FACILITATE OUR ABILITY TO BE HELPFUL. YOU
 SHOULD DRAW ON THE FOLLOWING POINTS:
- -- AFFIRM OUR DESIRE FOR CLOSE RELATIONS WITH PAKISTAN AND OUR SUPPORT FOR ITS NATIONAL SOVEREIGNTY AND PEACEFUL DEVELOPMENT.
- -- SUGGEST OUR AWARENESS OF THEIR SECURITY CONCERNS, AND INDICATE INTEREST IN THE PROPOSAL FOR A SOUTH ASIAN JOINT DECLARATION ON NUCLEAR WEAPONS MENTIONED BY AGHA SHAHI TO THE SECRETARY.
- -- RESTATE UNEQUIVOCALLY OUR CONCERN ABOUT THE REPROCESSING PLANT IN THE CONTEXT OF THE DANGER OF NUCLEAR COMPETITION IN THE SUBCONTINENT WHICH WOULD NOT CONTRIBUTE TO THE SECURITY OF ANY OF THE PARTIES.
- -- EXPLAIN THE GLENN AMENDMENT AND ITS IMPLICATIONS FOR BOTH DEVELOPMENT ASSISTANCE AND THE MILITARY TRAINING PROGRAM {IMET}.
- -- (IF ASKED ABOUT THE STATUS OF AID) NOTE THAT WE ARE CONTINUING TO REVIEW THE SITUATION, BUT THAT WE FACE A DIFFICULT PROBLEM GIVEN PAKISTAN'S STATED INTENTION OF PROCEEDING WITH THE REPROCESSING CONTRACT. WE NOTE, HOWEVER, AGHA SHAHI'S REMARK TO THE SECRETARY THAT NO EQUIPMENT IS CURRENTLY BEING SHIPPED. WE WOULD HOPE THE PAKISTANIS COULD REFRAIN FROM PRESSING FOR TRANSFER OF EQUIPMENT SINCE ANY TRANSFERS AFTER AUGUST 4 AUTOMATICALLY BRING THE GLENN AMENDMENT INTO EFFECT. (IF ZIA ASKS FOR DETAILS, YOU MAY INFORM HIM THAT 44 MILLION DOLLARS WORTH OF LOANS HAVE BEEN AUTHORIZED; THE GRANT AID CAN BE REPROGRAMMED.)
- L. FYI. YOU SHOULD NOT SUGGEST THAT THE GOP UNDERTAKE FURTHER DISCUSSIONS WITH THE FRENCH ON MODIFICATION OF THE REPROCESSING PLANT CONTRACT. THE PAKISTANIS REJECTION OF THE FRENCH PROPOSAL IS A POTENTIALLY POSITIVE OUTCOME FROM

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OUR POINT OF VIEW SINCE IT CLEARLY SIGNALS THEIR DESIRE FOR PLUTONIUM AND THEREFORE COULD LEAD FRANCE TO CANCEL THE PROJECT. WE HAVE GRAVE DOUBTS THAT CO-PROCESSING COULD MEET OUR NONPROLIFERATION CONCERNS AND STRONGLY PREFER THAT PAKISTAN OBTAIN NO REPROCESSING TECHNOLOGY OR EQUIPMENT FROM ABROAD.

7. FYI. AMBASSADOR YAQUB KHAN HAS REQUESTED AN APPOINTMENT WITH GOVERNOR GILLIGAN TO DISCUSS AID. WE PROPOSE
TO SUGGEST TO YAQUB KHAN THAT HE MEET INSTEAD TOWARD
THE END OF THIS WEEK WITH ASSISTANT SECRETARY ATHERTON
AND AID ASSISTANT ADMINISTRATOR SULLIVAN. ATHERTON AND
SULLIVAN WILL DRAW ON THE ABOVE TALKING POINTS IN THEIR
DISCUSSION HERE. YY

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FOR THE SECHETARY

E.O. 11652: GDS TAGS: PK. US, PFGR SUBJECT:ECONOMIC ASSISTANCE TO PAKISTAN

REF: STATE 243490

1. IN CONSIDERING FURTHER DE GIRINGAUD'S COMMENTS TO YOU ON THE REPROCESSING PLANT (REFTEL), IT NOW APPEARS THAT WE HAVE VIRTUALLY ACHIEVED OUR OBJECTIVE OF ASSURING THAT THE EXISTING CONTRACT FOR A REPROCESSING PLANT IN PAKISTAN WILL NOT BE CARRIED OUT. THE QUESTION OF WHETHER PAKISTAN WILL BE CANCELLED OR MODIFIED FOR COPROCESSING, THE CONTRACT HILL BE CANCELLED OR MODIFIED FOR COPROCESSING, REMAINS OUTSTANDING, AND NAY NOT BE ANSWERED FOR MANY MONTHS OR LONGER. (IT IS APPARENT THAT THE REGIME HERE FINDS OR LONGER. (IT IS APPARENT THAT THE REGIME HERE FINDS ITSELF PARALYZED ON THIS ISSUE AND UNABLE TO DO ANYTHING ITSELF PARALYZED ON THIS ISSUE AND UNABLE TO THE PORMARD, EVEN THOUGH IT MAY NOW BE AWAKENING TO THE FORWARD, EVEN THOUGH IT MAY NOW BE AWAKENING TO THE FORWARD, EVEN THOUGH IT MAY NOW BE AWAKENING TO GO FORWARD.)

2. IN VIEW OF THESE REALITIES, OUR PRESENT SUSPENSION OF ECONOMIC ASSISTANCE TO PAKISTAR BECOMES ANOMALOUS. AS FAR AS WE KNOW, THERE HAS BEEN NO VIOLATION OF THE AS FAR AS WE KNOW, THERE HAS BEEN NO VIOLATION OF THE SECRET

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TO HAVE BEEN FULFILLED. WHILE THE FRENCH MAY, FOR REASONS RELATING TO THE PROTECTION OF OTHER MILITARY AND COMMERCIAL SALES TO PAKISTAN, GO AHEAD WITH SUME NON-SENSITIVE SHIPMENTS UNDER THE REPROCESSING AGREEMENT, I WOULD HOPE THAT OUR LAWYERS AND THE CONGRESS COULD BE PERSUADED THAT THESE ARE NOT IN VIOLATION OF THE CENTRAL MEANING OF THE GLENN AMENDMENT.

3. TO CONTINUE THE CURRENT SUSPENSION OF NEW ECONOMIC ASSISTANCE PLACES US IN A PUNITIVE POSTURE, WHEN THAT IS NO LONGER APPROPRIATE, AND ADDS UNNECESSARILY TO THE STRONG NEGATIVE CURRENTS THAT ARE PLAGUING US-PAK RELATIONS AT THIS TIME. FURTHERMORE, PARISTAN IS IN SEPIOUS DIFFICULTY ECONOMICALLY AND OUR ASSISTANCE WILL MAKE A SIGNIFICANT DIFFERENCE IN THE MONTHS AHEAD, PARTICULARLY IN PROCUREMENT OF FERTILIZER ESSENTIAL TO MAINTAIN FOOD PRODUCTION HERE.

4. IF A POSITIVE DECISION CAN BE TAKEN TO RESUME AID PROGRAMMING HERE, WE SHOULD LET THE FRENCH, THE PAKISTANIS AND THE CONGRESS KNOW WHAT WE ARE DOING AND WHY. WITH THE FRENCH, WE SHOULD POINT OUT THAT WE HAVE NO DESIRE TO PUNISH PAKISTAN BY WITHHOLDING AID, AND THAT WE ARE RESUMING AID BECAUSE THERE HAS BEEN NO VIOLATION OF THE GLENN AMENDMENT. WE WILL HAVE TO MAKE CLEAR, HOWEVER, THAT ANY FURTHER SHIPMENTS OF SENSITIVE MATERIAL OR TECHNOLOGY WILL FORCE US TO APPLY THE GLENN AMENDMENT. WE SHOULD ALSO ASSURE THE FRENCH THAT WE WILL DO ALL WE CAN WITH THE GOP TO SKING ABOUT THEIR ACQUIESCENCE IN DISCUSSIONS FOR THE MODIFICATION OF THE CONTRACT, ALTHOUGH WITHOUT PREJUDICE TO OUR OWN VIEWS ON THE COPROCESSING PROPOSAL.

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5. WITH THE GOP, I WOULD PROPOSE TO TELL GENERAL ZIA THAT (A) WE HAD SUSPENDED ATO PROFRAMMING WHILE WE STUDIED THE MEANING OF TE GLENN AMENOMENT; (8) HE HAVE NOW CONCLUDED THERE HAVE BEEN NO CIOLATIONS AND WE ARE THEREFORE RESUMING PROGRAMMING; (C) WE WOULD BE OBLIGED TO IMPOSE THE SANCTION OF GLENN IF NEW SHIPMENTS OF SENSITIVE EQUIPMENT OR TECHNOLOGY OCCURRED! AND (D) WE HOPE THE GOP WILL UNDERTAKE FURTHER DISCUSSIONS WITH THE GOF ON THE REPORCESSING CONTRACT IN A SEARCH FOR A FORMULA THAT WOULD MEET NON-PROLIFERATION CONCERNS.

6. WITH THE CONGRESS, I WOULD HOPE WE COULD LIMIT OUR EXPLANATIONS TO A SIMPLE STATEMENT OF FACT THAT NO VIOLATIONS OF GLENN HAVE OCCURRED, SO THAT WE CAN AVOID ANY PUBLIC LEAKS THAT MIGHT EMBARRASS THE FRENCH. COBVIOUSLY WITH SENATOR GLENN AND A FEW OTHERS HE MAY HAVE TO GIVE A FULLER EXPLANATION, SO THERE ARE NO SUBSEQUENT HISUHDERSTANDINGS.) SIMILARLY, PRESS COMMENTS SHOULD BE SIMPLY STATED AND AVOID ANY SPECULATIONS ON THE FUTURE OF THE GOP-GOF CONTRACT.

7. DEPT PLEASE PASS TO PARIS. HUNHEL

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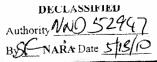
E.O. 11852: GDS TAGS: TECH, PEGR, PARM, MNUC, PC, FR SUBJECT: ECONOMIC ASSISTANCE TO PAKISTAN

REF: ISLAMABAD 10226

I. I HAVE RESERVATIONS ABOUT THE EFFECT THE RESUMPTION OF AID TO PAKISTAN (REFTEL) HOULD HAVE ON
THE PRENCH. IN THE FIRST PLACE, I THINK IT IS STILL
PRENATURE TO ASSUME THAT WE HAVE ADEQUATE ASSURANCES
THAT THE EXISTING FRENCH-PAKISTAN CONTRACT WILL NOT
SE CARRIED OUT. HEITHER THE GOT NOR THE GOP HAVE TOLD
US THE CONTRACT IS DEAD. THE GUAL AND PRESIDENT
GISCARD ARE SYMPATHETIC TO A STRATEGY OF DELAY
(PENHAPS EVEN CAMOFILATION); THE UNSTABLE SITUATION IN
PAKISTAN WILL MAKE IT EASIER FOR THE GUAL TO ARGUE
THAT THE FRENCH SHOULD MAKE NO FURTHER COMMITMENTS
NOW. BUT I ALSO HAVE THE INPRESSION THAT THE FRENCH
HAVE NOT COME TO A FIRM DECISION OF HOW TO PROCEED.
AND INDEED ARE CURRENTLY TRYING TO GECIDE WHAT TO DO.

2. IN THE SECOND PLACE, TO RESUME ECONOMIC ASSISTANCE WITHOUT ANY POSITIVE MOVEMENT ON REPROCESSING FROM PAKISTAN HOULD SUGGEST TO THE FRENCH THAT HE MAY NOT SECRET

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BE AS SERIOUS AS WE SAY ABOUT THE MON-PROLIFERATION ISSUE AND THAT HE ARE SQUANGERING POTENTIAL LEVERAGE WITHOUT ANY VISIBLE RETURN. MOREOVER, SINCE THE FRENCH HAVE TOLD US THAT THEY ARE COUNTING ON US TO USE ON PAKISTAN WHATEVER LEVERAGE DERIVES FROM OUR HILITARY AND COMMIC ASSISTANCE RELATIONSHIP, BY APPEARING TO IGNORE FRENCH DESIRES WE COULD WEAKEN THE HAND OF THOSE WITHIN THE GOF WHO SHARE OUR NON-PROLIFERATION CONCERN.

- 3. IN ADDITION, WERE WE TO ANNOUNCE RESUMPTION OF ECONOMIC ASSISTANCE TO PAKISTAN BEFORE THE REPROCESSING ISSUE IS SETTLED, THE ASSUMPTION ON THE HILL AND ON THE PRESS HOULD BE THAT THE REPROCESSING ISSUE HAS BEEN RESOLVED IN TERMS ACCEPTABLE TO US MON-PROLIFERATION OBJECTIVES. SINCE THAT IS NOT YET THE CASE, THIS SEEMS AN UNTENABLE POSITION.
- 4. I THEREFORE RECOMMEND THAT WE NOT RECPEN THE ECONOMIC ASSISTANCE QUESTION AT THIS POINT AND THAT, IF THE US IS CONSIDERING RESUMING ASSISTANCE, WE CONSULT WITH THE FRENCH BEFORE DOING SO.
- 5. DEPARTMENT PLEASE PASS TO ISLAMABAD. HARTHAN

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