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DEPARTMENT OF STATE
Washington, D.C. 20520

September 8, 1979

SECRET/SENSITIVE

TO: The Secretary

FROM: S/P - Anthony Lake

SUBJECT: The Pakistan Strategy and Future Choices

I concur in the specific tactical course of action proposed in the current Pakistan Strategy Paper, i.e., that we ask our allies to seek no-test/no-transfer assurances from Pakistan and caution Pakistan on the risk for further economic, military or nuclear cooperation from the West if Pakistan proceeds to a test or transfer of sensitive technology. This is, however, a strategy for the short term that does not address the difficult questions raised by a second-stage negotiation with Pakistan, or the choices that will remain if that negotiation fails. Although I see no better alternative to our current two-track policy of trying to reassure Pakistan of our concern for its security (and seeking continued Pakistan cooperation in a number of security areas) while cutting off most new economic and military assistance, we should be thinking through carefully and thoroughly what decisions lie ahead and what our options will be.

The First Step

The immediate tactical step proposed by the policy paper is designed to get our allies to discourage the Pakistanis from a test or transfer and encourage them to reconsider the potential costs of their nuclear weapons program. The message the allies would be conveying is not as firm as the message the US has already sent, since the Symington sanctions have already been triggered by Pakistani purchases for their enrichment program.

I agree with the Strategy Paper's view that we should not propose that the donors immediately threaten to link sanctions to Pakistan's sensitive facilities (rather than a future test or transfer). There is a wide consensus which we in S/P share that this would probably be unacceptable to most donor governments. However, if we did wish to raise a bigger stick to prepare the way for negotiations, and close the gap between the US position and that of other donors, we could test donor governments' willingness to take a stronger stand by suggesting that they consider telling the GOP that continued construction of sensitive nuclear facilities could adversely affect future decisions on military and economic cooperation, and that a test or transfer would lead to a certain suspension.

I also agree with the paper's recommendation that, in order to keep in parallel with an allied demarche on no-test/no-technology transfer, the US should also quietly caution Pakistan that continuation of PL-480 and the military sales pipeline would be affected should Pakistan either test or transfer nuclear explosives technology to third countries.

The Second Step

After the donor countries' "sticks" are in place, the next phase of the recommended strategy would be negotiations with the GOP late in the year, after the anticipated change in government. The US, and eventually other donors, would put bilateral and multilateral "carrots" before the Pakistanis in an effort to dissuade them from their nuclear weapons program.

It is possible, of course, that some or all the donors will be unwilling to threaten sanctions in the first phase, leaving the prospect of further deterioration in US-Pakistani relations as the principal stick in our own bilateral negotiations -- one that strikes both ways at best.

In the course of negotiations, the Strategy Paper suggests that we offer some mix of multilateral military and economic inducements to Pakistan in exchange for

agreement to alter its current nuclear programs. The US bilateral component of that package could include both economic and military assistance. Some military sales (after Congressional consultations) and increases in our PL-480 commitment could proceed at the Administration's discretion, while a healthier package would require a waiver of the Symington Amendment or a decision to seek a change in the legislation.

On this there is agreement. But on a number of other points the Department, ACDA, the NSC and indeed the entire US Government are divided. The Strategy Paper therefore defers recommended decisions and states that the issues will need to be resolved later.

The areas of disagreement are over (1) whether, as a first step, the US should seek a no-test/no-transfer pledge in return for our beginning to resume normal relations, with modest increases in assistance; (2) what limits on Pakistan's nuclear program we should ultimately settle for; (3) how much of a military carrot we should be willing to offer; and (4) when to seek a Symington waiver or an amendment to the legislation. The issues have been difficult to resolve because they go to the heart of two of the Administration's most fundamental policies -- non-proliferation and conventional arms transfer restraint.

On the first issue, one view is that at the start of negotiations, we should seek to gain, as a first step, a no-test/no-transfer pledge by offering a modest increase in our PL-480 commitment and in military sales if the GOP issues a formal no-test/no-transfer commitment. The argument for this is that there is a very broad consensus (including the military) in Pakistan that the present nuclear programs should be continued, but there may be a willingness to stop short of a test or of transferring technology, since testing would clearly set in motion the far superior Indian nuclear test program and even justify it. The best of a series of bad choices, therefore, may be to try to halt the Pakistanis at the testing "brink." Thus, if we accepted this as laying the foundation for a Symington waiver and marking a fundamental change in the GOP position, a positive US response would be essential to promote a healthy dialogue and a good atmosphere.

The opposing view is that if the US were to resume normal relations in response only to a no-test/no-transfer pledge, no matter how firm and unequivocal, we would signal a basic shift in our global non-proliferation policy. It would implicitly accept sensitive facilities in a country we have labeled as seeking a nuclear weapons capability. It would also remove the major incentive for the GOP to negotiate significant restraints on its sensitive facilities. Moreover we should not consider a fallback to a "no-test/no-transfer" criterion until we have exhausted every effort to achieve a higher level of Pakistani constraint.

The second point of disagreement is over what we should reasonably expect to extract from the Pakistanis, beyond a no-test/no-transfer pledge. One view is that there is no hope of getting Pakistan to dismantle, cut back or freeze construction of its sensitive facilities, and therefore we should only seek limits and checks on those facilities such as:

-- restricting output from the enrichment plant to low enriched (non-weapons grade) uranium;

-- limiting capacity of enrichment and reprocessing facilities and the quantity of product produced; and/or

-- requiring IAEA safeguards and internationally controlled storage of all produced fissile material.

Another view is that these are relatively poor fallback positions, and may be very difficult to monitor without a level of inspection Pakistan would find difficult to accept. Consistent with our global non-proliferation policy, we should thus continue to direct our efforts at discouraging the construction of the sensitive facilities themselves and preventing the Pakistanis from realizing the capability to build nuclear weapons.

A third point of division is whether the US ought to be willing to sell Pakistan high performance aircraft, such as the F-16, if this were required by the GOP to agree to a freeze-type arrangement on its sensitive

nuclear facilities. One view is that an F-16 sale would undercut our global arms transfer policy, set a bad precedent for dealing with other threshold countries, severely damage our bilateral relations with the Indians, provoke a new regional conventional arms race, and possibly even trigger an Indian decision to achieve its own nuclear weapons program. The other view is that an offer of a significant arms package, including advanced aircraft such as the F-16, would provide the most tangible evidence of our desire to meet Pakistan's security needs and could be an indispensible element in gaining the support of the Pakistani military for halting the nuclear weapons program. This view also assumes that if the F-16 sale had this latter effect, the Indians would eventually reconcile themselves to it.

Fourth, there is disagreement over what would be needed to satisfy the waiver clause of the Symington Amendment. That clause includes a requirement that the President receive "reliable assurances that the country in question will not acquire or develop nuclear weapons or assist other nations in doing so." Some have suggested that a formal no-test/no-transfer pledge would meet that requirement, particularly if simultaneously made to the governments of other major donor nations. Most believe that the President would be ill-advised to certify such a pledge as a "reliable assurance" of non-development if the reprocessing and enrichment programs proceed unchecked. An alternative strategy to permit resumption of military and economic aid would be to consult with Congress on a revision of the waiver language in the Symington Amendment to make it less demanding. Opponents of this course argue that any such attempt to revise Symington will inevitably be viewed as a retreat from our non-proliferation policy.

The Third Step

The Strategy Paper does not speak to our options if the two-step stick-carrot approach fails -- if Pakistan will do nothing to alter its enrichment and reprocessing efforts. In this case we would have two options: maintain pressure on the Pakistanis by continuing to hold good bilateral relations hostage to concessions on the nuclear program with multilateral sanctions, probably

contingent on a test or transfer; or fall off our demand that Pakistan end or alter its sensitive nuclear programs, and offer to resume aid through a Symington waiver or legislative amendment in exchange for a no-test/no-transfer pledge. This would essentially place us where our European allies are, or where we hope they will confirm they are through consultations under the immediate tactical step recommended in the paper.

The first option emphasizes our regional and global non-proliferation objectives at the expense of our relations with Pakistan. If we had not yet achieved a no-test/no-transfer pledge, standing firm on sensitive facilities would not get us any closer to one. But neither would it implicitly sanction fissile material production in a country for which there is no plausible peaceful use. The alternative of settling for a no-test/no-transfer pledge would permit us to reconstruct fully our relations with Pakistan, if the Symington Amendment problem could be overcome. This course would represent a major substantive change in our non-proliferation policy, but it could also be the only way to prevent a Pakistani test and the resumption of Indian testing.

Conclusion

While it is not absolutely necessary to have the answers to all these issues before approaching our allies on the first step, we will need to have clear options which you can consider and be able to review with Zbig, Harold and probably the President before we can proceed to the next steps, probably in the very near future. I recommend therefore, that you ask David or Chris to coordinate with Gerry an urgent review of the real options on the four issues on which no recommendations or specific strategy is offered by the present Strategy Paper.

This should include recommendations on

-- how the Administration's position on non-proliferation could most effectively be restructured or protected elsewhere should options be chosen which effectively weakened the policy for the sake of relations with Pakistan, and

-- how we could best cope with developments in South Asia if we sustain our current policy towards Pakistan.

In addition:

-- L should urgently review the issue of waiver provisions under the Symington Amendment (together with H) and recommend a possible strategy for seeking a waiver or amendment revision;

-- PM, NEA and S/P (together with AID) should review policy, budgetary, and availability considerations involved in alternative packages of assistance to Pakistan, and together with OES and Gerry Smith, set forth a continuum of specific inducement/constraint packages that might be considered for negotiating purposes with Pakistan; and

-- NEA, OES, and S/P should address separately possible US responses and policy options in the event of an actual or imminent Pakistani nuclear test and the resumption of testing by India.