

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

**In the name of Allah  
the most  
Compassionate and Merciful.**

NNNNVV ESB074MJC032  
RR RUQMHR  
DE RUSBQD #7850 1931045  
ZNY CCCCC ZZR  
R 121030 JUL 79  
FM AMEMBASSY ISLAMABAD  
TO RUEHC/SECSTATE WASHDC 3860  
INFO RUMJDK/AMEMBASSY Dacca 3388  
RUQMRA/AMEMBASSY JIDDA 809  
RUSBKR/AMCONSUL KARACHI 8312  
ZEN/AMCONSUL LAHORE  
RUDTC/AMEMBASSY LONDON 4121  
RUEHMO/AMEMBASSY MOSCOW 1409  
RUSBAE/AMEMBASSY NEW DELHI 1072  
ZEN/AMCONSUL PESHAWAR  
RUQMHR/AMEMBASSY TEHRAN 5338  
BT

C O N F I D E N T I A L

LIMITED OFFICIAL USE ISLAMABAD 7850

E.O. 12065: N/A  
TAGS: PINT, SHUM, PK  
SUBJ: (U) STUDENTS MARCH ON DAILY "MUSLIM"

REFS(A) ISLAMABAD 7850 (B) ISLAMABAD 7631

1. (U) THE NEW AND REFRESHINGLY OUTSPKEN ENGLISH LANGUAGE DAILY "MUSLIM" MADE ITS OWN FRONT PAGE JULY 12 WHERE IT REPORTED BEING THE VICTIM OF AN ATTACK BY STUDENT ACTIVISTS ASSOCIATED WITH THE CONSERVATIVE ISLAMIC JAMIAT-E-TULABA. ACCORDING TO THE ARTICLE 100 STUDENTS FROM QUAID-I-AZAM UNIVERSITY ARRIVED IN A UNIVERSITY OWNED BUS ON JULY 10 (A HOLIDAY ON WHICH ONLY A SKELETON STAFF WAS WORKING). THE STUDENTS SHOUTED OBJECTIONABLE SLOGANS, INSULTED A FEMALE REPORTER AND "STORMED" THE FIRST FLOOR OFFICES OF THE PAPER.
2. (U) ACCORDING TO THE ARTICLE THE GROUP STAYED AT THE "MUSLIM" OFFICES FOR APPROXIMATELY 30 MINUTES AND TRIED TO BREAK INTO THE EDITORIAL AREA OF THE PREMISES. THROUGHOUT THE "HOOLIGANISM" A JEEP-LOAD OF POLICE STOOD BY WATCHING BUT NOT STOPPING THE STUDENTS. IT ALSO REPORTS THAT THE STUDENTS WHO STORMED THE "(9/.7)8." WERE THE SAME WHO HAD PREVIOUSLY PICKETED THE U.S. AND INDIAN EMBASSIES(REFA).
3. (U) COMMENT: THIS "ATTACK" WAS TOTALLY IGNORED BY THE URDU AND OTHER ENGLISH-LANGUAGE PAPERS ON THE

Pol  
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ECON  
RF  
Chron

3 2813

MORNING OF JULY 12 (NOT PUBLISHED JULY 11, DUE TO TGDAY).  
THE GOP-CONTROLLED "ISTAN TIMES" CARRIED A SMALL ARTICLE  
NOTING THE ANTI-SKYLA DEMONSTRATION AT THE AMERICAN EMBASSY ON  
JULY 10 BUT DID NOT MENTION ONWARD MOVEMENT OF THE DEMONSTRATORS.

--THE ATTACK CAME ON THE DAY DESIGNATED BY SHIA LEADERS  
AS A "DAY OF PROTEST" OVZR THEIR "MISTREATMENT" AT THE  
HANDS OF THE MAJORITY SUNNIS (REFB). TO US IT SEEMS  
NO COINCIDENCE THAT THE STRONGLY SUNNI-CRI NTED JAMIAT-I-  
TULABA SHOULD CHOOSE THE SHIAS DAY OF PROTEST TO STAGE  
AN ATTACK ON A SHIA-OWNED NEWSPAPER. THE INTERSTING  
THING IS THAT THE "MUSLIM" FAILED TO CONNECT THE TWO IN  
THEIR REPORTING THE STORY; PERHAPS SEEING NOTHING TO BE  
GAINED BY STIRRING UP SECTARIAN FRICTIONS. KING

BT  
#7850

U.S. GOVERNMENT PRINTING OFFICE: 1977-272-323

VV ESA/130009  
RR RUQMHR  
DE RUSBKR #4043 1961045  
ZNY CCCCC ZZH  
R 150704Z JUL 79  
FM AMCONSUL KARACHI  
TO RUEHC/SECSTATE WASHDC 5923  
INFO RUSBR/AMCONSUL BOMBAY 722  
RUMJGM/AMEMBASSY COLOMBO 671  
RUSBGD/AMEMBASSY ISLAMABAD 8396  
RUSBGD/AMCONSUL LAHORE 6209  
RUSBGD/AMCONSUL PESHAWAR POUCH  
RUMJHI/AMEMBASSY KATHMANDU 490  
RUSBAE/AMEMBASSY NEW DELHI 3553  
RUQMHR/AMEMBASSY TEHRAN 2745 -  
RUHSGG/COMIDEASTFOR  
RUHHMA/CINCUSARPAC  
RUHVAAA/CINCPACAF  
RHHMBA/CINCPACFLT  
RUHQHA/CINCPAC/OSD  
RUSBLK/AMEMBASSY KABUL 3939  
BT  
C O N F I D E N T I A L

LIMITED OFFICIAL USE KARACHI #043

EO 12065 NA  
TAGS: AEMR OGEN CGEN  
SUBJ: EMERGENCY AND EVACUATIONS: ESTIMATED NUMBER OF POTENTIAL  
EVACUEES AND PRIVATE AMERICANS RESIDING ABROAD. (REPORT F-77)

REF: (A) STATE 76A-2898, (B) STATE 170897

PART I: ESTIMATED NUMBER OF POTENTIAL EVACUEES

- 1. DOD PERSONNEL - 10
- 2. DEPENDENTS OF DOD PERSONNEL - 9
- 3. OTHER USG PERSONNEL - 52
- 4. DEPENDENTS OF USG PERSONNEL - 100
- 5. RESIDENT AMERICANS - 395
- 6. AMCIT TOURISTS:
  - 3RD QTR 150
  - 4TH QTR 170
  - 1ST QTR 200
  - 2ND QTR 215
- 7. OTHER POTENTIAL EVACUEES - 35
- 8. TOTAL: 771

PART II: PRIVATE AMERICANS RESIDING ABROAD

- A. BUSINESSMEN - 11
- B. EMPLOYEES - 35
- C. STUDENTS (18 YEARS AND OLDER) - 5
- D. MISSIONARIES/CLERGY - 41
- E. DEPENDENTS OF ABOVE - 60
- F. RETIRED AND THEIR DEPENDENTS - 0
- G. OTHERS - 60
- H. TOTAL OF ALL PRIVATE RESIDENTS IN DISTRICT - 212

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#A043

15 Jul 79 12 12z  
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Chron

NNNNZVH VV ESA745MJC211  
PP RUQMHR  
DE RUSBQD #7900 1961210  
ZNY CCCCC ZZH  
P R 151116Z JUL 79  
FM AMEMBASSY ISLAMABAD  
TO RUEHC/SECSTATE WASHDC PRIORITY 3883  
INFO RUQMGRU/AMEMBASSY ANKARA 4154  
RUQMAT/AMEMBASSY ATHENS 254  
RUMJPG/AMEMBASSY BEIJING 572  
RUFHOL/AMEMBASSY BONN 613  
RUMJGM/AMEMBASSY COLOMBO 1738  
RUMJDK/AMEMBASSY Dacca 3390  
RUFHGV/AMCONSIL GENEVA 1120  
RUMJDH/AMCONSIL HONG KONG 1371  
RUQMRA/AMEMBASSY JIDDA 811  
RUSBLK/AMEMBASSY KABUL 9442  
RUMJHT/AMEMBASSY KATHMANDU 1748  
RUSBKR/AMCONSIL KARACHI 8315  
ZEN/AMCONSUL LAHORE POU  
RUDIC/AMEMBASSY LONDON 3  
RUEHMO/AMEMBASSY MOSCOW 1411  
RUSBAE/AMEMBASSY NEW DELHI 1083  
ZEN/AMCONSIL PESHAWAR POUCH  
RUEHRO/AMEMBASSY ROME 620  
RUQMHR/AMEMBASSY TEHRAN 5339  
RUEHDT/USUN NEW YORK 1814  
BT

C O N F I D E N T I A L ISLAMABAD 7900

PACOM FOR POLAD; GENEVA FOR US/UNHCR

E.O. 12065: RDS-4 7JUL 1979 (HAGERTY, H.G) OR-P  
TAGS: SREF PGOV PK AF  
SUBJECT: (U) AFGHAN REFUGEE TOTAL UP ANOTHER 25,000

REFS: (A) ISLAMABAD 6718 (B) STATE 181724 (C) ISLAMABAD 7277

1. (U) PAKISTAN GOVERNMENT HAS RELEASED NEW FIGURES FOR NUMBER OF AFGHAN REFUGEES NOW IN PAKISTAN; TOTAL NOW APPROXIMATE 125,000 AND GOING UP. BY PROVINCE THE NUMBERS BREAK DOWN AS FOLLOWS: BALUCISTAN-39,616; NORTH WEST FRONTIER PROVINCE-85,068. RISE IN NUMBERS INDICATES THAT THE FLOW IS CONTINUING AT ABOUT THE SAME 5000-PLUS PER WEEK PACE OF MAY 1979.

2. (C) INFORMED BALUCHI CONTACT OF CONSULATE KARACHI TOLD ACTING PRINCIPAL OFFICER AND POLCOUNS IN KARACHI ON 14 JULY THAT MOVE IS NOW UNDERWAY BY GOP TO SHIFT AS MANY AS 25,000 OF THE AFGHAN REFUGEES IN BALUCISTAN NOT JUST AWAY FROM THE AFGHAN BORDER AREA BUT OUT OF THE PROVINCE ALTOGETHER. HE INDICATED REFUGEES WILL BE SETTLED IN CAMPS IN WESTERN PUNJAB, WHICH IS NEWS TO US BUT WE ARE CHECKING FURTHER.

KING

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#7900

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NNNNVV ESA960ESA945MJC038  
OO RUQMHR  
DE RUSBQD #8015 1981006  
ZNY CCCCC ZZH  
P R 170915Z JUL 79  
FM AMEMBASSY ISLAMABAD  
TO RUSBAE/AMEMBASSY NEW DELHI IMMEDIATE 1094  
RUEHC/SECSTATE WASHDC PRIORITY 3925  
INFO RUQMGRU/AMEMBASSY ANKARA 4155  
RUMJPG/AMEMBASSY BEIJING 573  
RUMJGM/AMEMBASSY COLOMBO 1741  
RUMJDK/AMEMBASSY Dacca 3397  
RUQMRA/AMEMBASSY JIDDA 812  
RUSBLK/AMEMBASSY KABUL 8450  
RUSBKR/AMCONSIL KARACHI 8338  
RUMJHT/AMEMBASSY KATHMANDU 1753  
ZEN/AMCONSUL LAHORE 6451  
RUDIC/AMEMBASSY LONDON 4128  
RUEHMO/AMEMBASSY MOSCOW 1412  
ZEN/AMCONSIL PESHAWAR POUCH  
RUQMHR/AMEMBASSY TEHRAN 5341-  
RUHQQA/CINCPAC HONOLULU HI  
BT

C O N F I D E N T I A L

LIMITED OFFICIAL USE ISLAMABAD 8015

CINCPAC FOR POLAD:

E.O. 12065: NA  
TAGS: PEPR PGOV SOPN PK IN  
SUBJECT: PAKISTAN REACTION TO FALL OF DESAI GOVERNMENT

REF: NEW DELHI 12437

1. THE REACTION IN PAKISTAN TO EVENTS IN NEW DELHI IS ONZ OF WATCHFUL WAITING, WITH NOT A LITTLE ANXIETY FELT ABOUT THE SUDDEN TURN OF EVENTS WHICH HAS TURNED THE KNOWN AND FRIENDLY DESAI GOVERNMENT INTO A NEW QUESTION MARK FOR PAKISTANI POLICY-MAKERS. NO GOP SPOKESMAN HAS MADE ANY COMMENT, AND NONE IS EXPECTED.

2. PRESS COVERAGE OF THE DELHI DRAMA IS EXTENSIVE AND ESSENTIALLY FACTUAL, WITH NEITHER OF THE LEADING CANDIDATES MENTIONED AS POSSIBLE SUCCESSORS TO DESAI--JAGJIVAN RAM OR CHARAN SINGH--CHARACTERIZED IN ANY TERMS WHICH WOULD SUGGEST HIS SUCCESSION WOULD BE INIMICAL TO PAKISTAN'S INTERESTS OR INDIAN AMITY. LITTLE MENTION IS MADE OF JANA SANBH OR OTHER POLITICAL COMPONENTS.

3. EDITORIALY, THE TWO LEADING URDU-LANGUAGE PAPERS, JANG AND NAWAI-I-WAQI--ALWAYS MORE SENSITIVE TO EVENTS IN INDIA THAN THE ENGLISH-LANGUAGE PRESS BECAUSE URDU IS THE LANGUAGE OF THOSE WHO CAME TO PAKISTAN IN 1947--COMMENTED HOPEFULLY ON 17 JULY. JANG SUGGESTS THAT ALTHOUGH HINDU-MUSLIM RIOTS OF THIS YEAR AND LAST "BADLY TARNISHED" THE IMAGE OF THE DESAI GOVERNMENT, DESAI'S TIME AT THE HELM IN DELHI HAS BEEN A PERIOD OF INCREASED MUTUAL COOPERATION AND FRIENDLY RELATIONS BETWEEN INDIA AND PAKISTAN; INDIA'S NEXT PRIME MINISTER "MUST FOLLOW DESAI'S POLICIES VIS-VIS PAKISTAN," JANG SAYS, OMITTING IN THIS HOPE THE CUSTOMARY "INSHALLAH" THAT USUALLY ACCOMPANIES SUCH EXPRESSIONS HERE.

4. NAWAI-I-WAQI ALSO COMMENTS FAROABLY ON THE DESAI PERIOD AND EXPRESSES THE HOPE THAT HIS SUCCESSOR WILL FOLLOW DESAI'S POLICIES. IN AN ASIDE OBVIOUSLY DIRECTED AT THE PAKISTAN NATIONAL ALLIANCE (PNA), THE NEAREST PAKISTANI POLITICAL EQUIVALENT TO THE INDIAN JANATA, NAWAI-I-WAQI SUGGESTS THAT THE FALL OF THE DESAI GOVERNMENT CARRIES WITH IT THE MORAL THAT "AN ALLIANCE BASED ON POLITICAL EXPEDIENCY IS ALWAYS SHORT-LIVED AND EVENTUALLY BREAKS UP."

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#8015

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Change  
Econ  
Chon  
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18 Jul 79 03 51z

Pol  
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Econ  
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Chro

17 JUL 79 12 15z

VV ESA 192M:926

19 Jul 79 06 03z

PP RUQMHR  
 DE RUSBCD #8088 20005 15  
 ZNY SSSSS ZZH  
 P 190422Z JUL 79  
 FM AMEMBASSY ISLAMABAD  
 TO RUEHC/SECSTATE WA DC PRIORITY 3966  
 INFO RUQMGR/AMEMBASSY ANKARA 4158  
 RUMJPG/AMEMBASSY BEIJING 575  
 RUFHOL/AMEMBASSY BONN 617  
 RUMJGM/AMEMBASSY COLOMBO 1744  
 RUMJDK/AMEMBASSY DACCA 3402  
 RUDKGPQ/AMEMBASSY THE HAGUE 194  
 RUQMR/AMEMBASSY JIDDA 815  
 RUSBLK/AMEMBASSY KABUL 8455  
 RUDTC/AMEMBASSY LONDON 4132  
 RUEHMO/AMEMBASSY MOSCOW 1413  
 RUSBAE/AMEMBASSY NEW DELHI 1103  
 RUFNPS/AMEMBASSY PARIS 3132  
 RUQMHR/AMEMBASSY TEHRAN 5345  
 RUEHKO/AMEMBASSY TOKYO 520  
 RUQMTI/AMEMBASSY TRIPOLI 128  
 RUFHAU/AMEMBASSY VIENNA 242  
 RUEHOT/USUN NEW YORK 1815  
 RUHQHQA/CINCPAC HONOLULU HI  
 BT

*Pol*  
*Chg*  
*Econ*  
*PE*  
*Chc*

SECRET ISLAMABAD 8088

NOFORN

E.O. 12065: XDS-2 18 JULY 89 (HAGERTY, H.G.) OR-P  
 TAGS: MNUC, FARM, PEPR, PGOV, PK, US  
 SUBJECT: (S) PAKISTANI PUBLIC RELATIONS CAMPAIGN ON NUCLEAR I

REFS: (ALL NOTAL): (A) TOKYO 12663 (B) TRIPOLI 1125  
 (C) ISLAMABAD 7888 (D) ISLAMABAD 7512

1. (S - ENTIRE TEXT).

2. H EVIDENCE IN WIDELY SCATTERED PLACES (REFS A AND B) OF  
 PAKISTANI DENIALS OF NUCLEAR WEAPONS PROGRAM ACCUSATIONS  
 AND EFFORT TO "SET RECORD STRAIGHT" ARE CLEARLY FIRST  
 MANIFESTATION OF GOP DECISION -- TAKEN AT WEEK-LONG  
 PAK CHIEFS OF MISSION CONFERENCE OVER WHICH PRESIDENT  
 ZIA UL-HAQ PRESIDED IN ISLAMABAD IN EARLY JULY (REF.  
 C). DRUMBEAT WILL OBVIOUSLY CONTINUE.

3. SENSITIVE SRF REPORTING ON PROCEEDINGS OF COM CONFERENCE  
 SUGGESTS THAT THIS IS A DELIBERATE GOP SMOKESCREEN  
 AND THAT WHILE MANY PARTICIPANT COM PRIVATELY DOUBTED THE  
 TRUTH OF THE GOP LINE ON THIS SUBJECT, FEW WERE  
 CONCERNED ABOUT GOP NUCLEAR PLANS.

HUMMEL

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#8088

NNNNVV ESA251MJC106  
 PP RUQMHR  
 DE RUSBCD #8102 2001000  
 ZNY CCCCC ZZH  
 P 190837Z JUL 79

19 Jul 79 11

FM AMEMBASSY ISLAMABAD  
 TO RUEHC/SECSTATE WASHDC PRIORITY 3972  
 RUSBAE/AMEMBASSY NEW DELHI PRIORITY 1104  
 INFO RUQMGR/AMEMBASSY ANKARA 4159  
 RUMJPG/AMEMBASSY BEIJING 576  
 RUMJGM/AMEMBASSY COLOMBO 1745  
 RUMJDK/AMEMBASSY DACCA 3403  
 RUQMR/AMEMBASSY JIDDA 816  
 RUSBLK/AMEMBASSY KABUL 8456  
 RUMJHT/AMEMBASSY KATHMANDU 1758  
 RUSBKR/AMCONSUL KARACHI 8352  
 ZEN/AMCONSUL LAHORE  
 RUDTC/AMEMBASSY LONDON 4134  
 ZEN/AMCONSUL PESHAWAR  
 RUQMHR/AMEMBASSY TEHRAN 5346  
 RUHQHQA/CINCPAC HONOLULU HI  
 BT

*Pol*  
*Chg*  
*Econ*  
*Chom*  
*PE*

CONFIDENTIAL ISLAMABAD 8102

CINCPAC FOR POLAD

E.O. 12065: GDS 19 JULY 85 (HAGERTY, G.G.) OR-P  
 TAGS: PINT, PEPR, PGOV, SHUM, PK, IN  
 SUBJECT: (C) ZIA UL-HAQ, ELECTIONS, AND THE INDIAN SITUATION

REFS: (ALL NOTAL): (A) ISLAMABAD A-49 (B) ISLAMABAD 7706  
 (C) ISLAMABAD 5223 (D) NEW DELHI 12615 (E) ISLAMABAD  
 8048

1. (U) ALL ENGLISH-LANGUAGE PAPERS REPORT THIS MORNING  
 A SHORT PAKISTAN WIRE SERVICE GIST OF COMMENTS MADE BY  
 PRESIDENT ZIA UL-HAQ IN A RECENT INTERVIEW WITH NEWSWEEK'S  
 TONY CLIFTON. SUBJECTS ADDRESSED INCLUDED GENERAL AND  
 LOCAL BODIES POLLS, THE BHUTTO WOMEN, THE PAKISTAN PEOPLES  
 PARTY (PPP), AND THE GENERAL'S OWN FUTURE.

2. (U) IN HIS REMARKS, ZIA:  
 -- REAFFIRMED HIS RESOLVE TO HOLD GENERAL ELECTIONS  
 THIS YEAR, EVEN IF THAT MEANS PUTTING OFF HIS CHERISHED  
 HOPES OF HOLDING ELECTIONS BEFOREHAND TO DISTRICT AND MUN-  
 ICIPAL COUNCILS (REF. A);  
 -- ADMITTED THAT THERE ARE CONDITIONS -- INTERNAL  
 DISORDER OR EXTERNAL THAT -- WHICH COULD EFFECT THE  
 ELECTION SCHEDULE, BUT SAID HE FORESEES NO SUCH CONDITIONS  
 AT THE MOMENT;  
 -- REASSERTED HIS FAITH IN THE LOCAL BODIES SYSTEM  
 HE HAS OFFERED AS A MEANS OF GETTING DEMOCRACY FUNCTION-  
 ING AT THE GRASS ROOTS LEVEL, BUT TOOK NOTE OF UN-  
 ANIMOUS OPPOSITION FROM THE NATION'S POLITICIANS WHO,  
 HE SAID, APPEAR TO HIM TO WANT TO GET THEMSELVES ELECTED  
 FIRST AT THE NATIONAL LEVEL SO AS TO BE ABLE TO  
 INFLUENCE THE OUTCOME OF LOCAL BODIES POLLS;  
 -- PLEDGED THAT THE PPP WILL HAVE FULL FREEDOM  
 TO PARTICIPATE IN THE ELECTIONS; HE CLAIMED CREDIT

FOR RESTORING THE SUPREMACY OF THE LAW IN THE COUNTRY, AND HE ADDED THAT IF SOMEONE CONSIDERS HIM A TRAITOR OR USURPER, THAT PERSON WOULD BE FREE TO TRY HIM, EVEN SEND HIM TO THE GALLOWES;

-- SUGGESTED THAT THE RELEASE FROM DETENTION OF BHUTTO'S WIFE NUSRAT AND DAUGHTER BENAZIR DID NOT MEAN THEY ARE ABSOLVED FROM "ACCOUNTABILITY;" HE SPECIFIED NO CHARGE AGAINST BENAZIR BUT NOTED THAT NUSRAT IS INVOLVED ALREADY IN DISQUALIFICATION PROCEEDINGS BECAUSE OF MIS-USE OF POWER;

-- PROPHESED HIS OWN RETIREMENT AFTER ELECTIONS, NOTING HE COULD LEGALLY STAY ON THROUGH MARCH 1980 AS CHIEF OF ARMY STAFF (COAS) BUT OPINING THAT IT WOULD BE BETTER FOR AN ELECTED GOVERNMENT TO APPOINT A NEW COAS.

3. (C) COMMENT: WE HAVE NOT YET SEEN THE FULL NEWSWEEK INTERVIEW BUT REPORT THIS ONLY BECAUSE IT IS WHAT THE OFFICIAL PRESS SERVICE HERE GISTED FOR PAKISTANI EYES. MUCH OF WHAT ZIA SAID HE HAS SAID BEFORE; THUS THESE COMMENTS REFLECT MAINLY AN UPDATED PUBLIC REASSERTION, WITH THE ONE EXCEPTION OF HIS WAVERING VIEWS ON LOCAL BODIES POLLS.

4. (C) THERE HAVE BEEN RECENT HINTS THAT THE PRESIDENT HAS BEEN CONSIDERING HOW BEST TO WRIGGLE BACK FROM THE LONG THIN BRANCH HE HAD CRAWLED OUT ONTO WITH HIS EARLY COMMITMENT TO LOCAL BODIES POLLS. BEFORE NATIONAL ELECTIONS. THERE HAS EVEN BEEN SPECULATION THAT HE WOULD BE PREPARED TO BARTER AWAY THE LOCAL BODIES POLLS ISSUE IN RETURN FOR AN EASING OF POLITICIANS' PRESSURES ON THE MORE SENSITIVE BUDGET ISSUE (REF B), WHICH APPEARS IN ANY EVENT TO BE ABATING SOMEWHAT. WHETHER PART OF SUCH A DEAL OR NOT, THE POLITICIANS WILL BE QUICK TO PICK UP HIS WILLINGNESS TO BACK AWAY ON THE LOCAL BODIES POLLS ISSUE WHICH THEY CONTINUE TO FEAR FOR THE PRECISE REASONS ZIA INDICATES (REF C).

5. (C) STILL TO BE ASSESSED IS THE IMPACT OF INDIAN DEVELOPMENTS ON THE POLITICAL SCENE HERE. THE MOOD IS SOBER AND WATCHFUL; THERE IS A CERTAIN SADNESS IN SEEING THE FAMILIAR MORARJI DESAI GO DOWN. MIXED WITH A MEASURE OF ANXIETY ABOUT THE IMPLICATIONS OF HIS FALL AND PERHAPS A LITTLE SATISFACTION THAT INDIA TO HAS PROBLEMS. IF, AS NOW SEEMS PROBABLE FROM THE PRESS ACCOUNTS HERE, THE INDIAN PRESIDENT IS EMBARKED ON A PROCESS OF DEMONSTRATING THAT NO OTHER LEADER CAN COMMAND A MAJORITY BEFORE DECIDING IN FAVOR OF MID-TERM POLLS, THAT COULD HAVE IMPORTANT RIPPLES HERE. MOST OF OUR CONTACTS SUGGEST THAT AN INDIAN DECISION TO GO TO THE POLLS SOME TIME IN THE NEXT 8 WEEKS WOULD MAKE IT EVER MORE DIFFICULT FOR PRESIDENT ZIA UL-HAQ OR HIS COLLEAGUES AND POLITICAL SUPPORTERS TO CONTEMPLATE A FURTHER DELAY IN NATIONAL POLLS HERE IN PAKISTAN -- ALMOST IRRESPECTIVE OF THE ACTUAL ELECTION RESULTS IN INDIA.

HUMMEL

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Change

Adm

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Chron

23 Jul 79 12 32z

TTLVVV ESA641MJC662

UMHR

UMHQD #8231 2041145

CCCC ZZH

231030Z JUL 79

EMBASSY ISLAMABAD

FM/SECSTATE WASHDC IMNZYJY 4017

FM/USBAY/AMCONSUL BOMBAY 479

FM/AMEMBASSY COLOMBO 1749

FM/AMEMBASSY Dacca 3409

FM/AMEMBASSY KABUL 9468

FM/AMCONSUL KARACHI 8379

FM/AMEMBASSY KATHMANDU 1760

FM/AMCONSUL LAHORE

FM/AMEMBASSY NEW DELHI 1119

FM/AMCONSUL PESHAWAR

FM/AMEMBASSY TEHRAN 5349

FM/AAAB/CINCUSAFE RAMSTEIN AB

FM/AAA/CINCUSAREUR HEIDELBERG

FM/AAA/CINCUSNAVEUR LONDON

FM/AAA/COMDEASTFOR

FM/CC/COMSIXTHFLT

FM/KA/NAVSUPPACT NAPLES

FM/AAA/USCINCEUR VAHINGEN

CONFIDENTIAL

LIMITED OFFICIAL USE ISLAMABAD 8231

12065 N/A

1: AMER, OGEN, CGEN

2: EMERGENCY AND EVACUATIO: ESTIMATED NUMBER OF POTENTIAL  
REFUGEEES AND PRIVATE AMERICANS RESIDING ABROAD (FY-79)

3: STATE A-2898

LIMITED OFFICIAL USE

4: 1: ESTIMATED NUMBER OF POTENTIAL EVACUEES

5: ADD PERSONNEL: 25

POL  
chg  
ELON  
RF  
Chelon

- 2. DEPENDENTS OF DOD PERSONNEL: 34
  - 3. OTHER USG PERSONNEL: 89
  - 4. DEPENDENTS OF USG PERSONNEL: 162
  - 5. AMERICAN RESIDENTS 339(ACTUALLY REGISTERD 292)
  - 6. AMERICAN TOURISTS:
 

3RD QTR	4TH QTR	1QTR	2ND QTR
20	8	8	8
  - 7. OTHER POTENTIAL EVACUEES: 20
  - 8. TOTAL: 689
- END-LIMITED OFFICIAL USE/BEGIN UNCLASSIFIED:
- PART II: PRIVATE AMER: N RESIDING ABROAD
- A. BUSINESSMEN: 19
  - B. EMPLOYEES 14
  - C. STUDENTS (OVER AGE 18): 0
  - X  
I MISSIONARIES: 40
  - 3. DEPENDENTS OF ABOVE: 104
  - F. RETIRED AND THEIR DEPENDENTS: 72
  - G. OTHERS: 90(SCHOOL TEACHERS AND THEIR DEPENDENTS; UNREGISTERED DEPENDENTS OF PAKISTAN NATIONALS)
  - H. TOTAL: 339  
HUMMEL
- BT  
#8231

MNNVV ESB103MJC327  
RR RUQMRH  
DE RUSJED #8265 205745  
ZNY CCCCC ZZH  
R 240523Z JUL 79  
FM AMEMBASSY ISLAMABAD  
TO RUEHC/SECSTATE WASHDC 4030  
RUSBLK/AMEMBASSY KABUL 9472  
INFO RUHQHQ/CINCPAC HONOLULU HI  
RUMJPG/AMEMBASSY BEIJING 579  
RUMJGM/AMEMBASSY COLOMBO 1750  
RUMJDK/AMEMBASSY DACCA 3411  
RUMJHT/AMEMBASSY KATHMANDU 1761  
RUSBKR/AMCONSUL KARACHI 8390  
ZEN/AMCONSUL LAHORE  
RUEHMO/AMEMBASSY MOSCOW 1479  
RUSBAE/AMEMBASSY NEW DELHI 1125  
ZEN/AMCONSUL PESHAWAR  
RUQMRH/AMEMBASSY TEHRAN 5350  
BT  
C O N F I D E N T I A ISLAMABAD 8265

PACOM FOR POLAD

E.O. 12065 RDS-1 24 JULY 1989(HAGERTY, H.G.) OR -P  
TAGS: PEPR, PROG,HPBOR, PK, AF  
SUBJ: (C) SHAHI VISIT TO KABUL NOT LIKELY BEFORE SEPTEMBER  
REF: ISLAMABAD 7368

1. (C)-ENTIRE TEXT; PROTECT FGI.
2. IN HIS COMMENTS TO ME ON AFGHAN SITUATION DURING OUR MEETING ON 23 JULY, FONSEC SHAHNAWAZ CONFIRMED IN ALL PARTICULARS VERSION OF HIS TALKS WITH AFGHAN DEPUTY FOREIGN MINISTER DOST PREVIOUSLY PROVIDED TO US BY MFA DIRECTOR GENERAL AMIR USMAN. HE OBFERVED THAT REASON FOR LACK OF FINAL COMMUNIQUE WAS INABILITY OF BOTH SIDES TO AGREE ON WORD TO DESCRIBE THE NOW MORE THAN 140, AFGHANS WHOM HE CLAIMS HAVE CROSSED OVER INTO PAKISTAN SINCE APRIL 1978. DOST INSISTED ON USING WORD "FUGITIVES;" PAK SIDE WOULD NOT ACCEPT THAT BUT FOUND ALL OTHER FORMULATIONS REJECTED BY DOST. FONSEC SAID HE TOLD DOST IT MATTERS LITTLE WHAT YOU CALL THEM; THEY HAVE FLED AFGHANISTAN THEIR NUMBERS ARE LARGE AND INCREASING, AND THEY ARE A BURDNE ON PAKISTAN.
3. FONSEC SPECULATED THAT AGFA SHAHI VISIT TO AFGHANISTAN CANNOT NOW TAKE PLACE BEFORE RAMAZA AND

INDICATED AT ANOTHER POINT IN THE COVERSATION THAT AGHA SHARI WOULD BE TIED UP IN THE NAM SUMMIT IN HAVANA FROM 1 SEPTEMBER ONWARD. THAT SEEMS TO ME TO LEAVZ LITTLE TIME FOR A SHARI VISIT TO KARUL UNTIL SOME TIME IN MID-TO-LATE SEPTEMBER. HMMEL BT #8265

NNNNVV ESB100MJC322  
RR RUQMR  
DE RUSBQD #8266 205735  
ZNY CCCCC ZZH  
R 240527Z JUL 79  
FM AMEMBASSY ISLAMABAD  
TO RUEHC/SECSTATE WASHDC 4031  
INSZ RUMJPG/AMEMBASSY BEIJING 580  
RUDKRB/WMEMBASSY BELGRADE 113  
RUMJGM/AMEMBASSY COLOMBO 1751  
RUMJDK/AMEMBASSY DACCA 412  
RUQMRA/WMEMBASSY JIDD 18  
RUDTC/AMEMBASSY LONDON 4139  
RUEHMO/AMEMBASSY MOSCO  
1420  
RUSBAE/AMEMBASSY NEW DELHI 1126  
RUFNPS/AMEMBASSY PARIS 3140  
RUQMR/AMEMBASSY TEHRAN 5351  
RUEHUB/USINT HAVANA 06  
BT

Pol  
ChG  
Econ  
Rz  
ChRon

C O N F I D E N T I A L ISLAMABAD 8266

E.O. 12065: RDS-1 23 JULY 85 (HAGERTY, H.G.) OR-P  
TAGS: PORG, PEPR, OVIP, PK, US  
SUBJ: (C) PRESIDENT ZIA UL-HAQ TO ATTEND HAVANA NAM SUMMIT

REF: ISLAMABAD 7830(NOTAL)

1. (C) ENTIRE TEST; PROTECT FGI.
2. DURING MY CALL ON FOREIGN SECRETARY SHAHNAWAZ JULY 23 ON OTHER MATTERS, I BN-: #34 3/34-) 95#34 5908:, AMONG THEM THE FORTHCOMING NON-ALIGNED SUMMIT IN HAVANA.
3. FONSEC TOLD ME THAT PAKISTAN WILL BE SENDING MUCH THE SAME TEAM TO HAVANA IT HAD SENT TO COLOMBO, I.E., AMBASSADORS AKHUND, NAIK, AND SAQIB TO THE OFFICIALS-LEVEL MEETINGS IN LATE AUGUST AND FOREGIN ADVISOR AGHA SHARI TO THE FOREIGN MINISTERS' GATHERING ON ABOUT 1 SEPTEMBER. HE THEN SAID THAT PRESIDENT ZIA UL-HAQ WILL ATTEND THE SUMMIT MEETING BEGINNING AROUND 4 SEPTEMBER AND RUNNING UNTIL ABOUT THE 7TH.
4. TO MY QUESTION ON WHETHER OR NOT A FORMAL DECISION HAD BEEN MADE ON ZIA'S ATTENDANCE, FONSEC SIMPLY SMILED AND SAID IT IS "IMPERATIVZ" THAT HE GO " NOW THAT WE WILL BE FULL MEMBERS" OF THE NAM. A CUBAN MINISTER,

HE SAID, WILL BE VISITING PAKISTAN SOON WITH THE  
FORMAL INVITATION.

5: COMMZNT: AS DEPARTMENT IS AWARE, ZIA'S WIFE AND  
TWO DAUGHTERS ARE IN WASHINGTON IN CONNECTION WITH  
MEDICAL TREATMENT AT CHILDRENS HOSPITAL FOR THE YOUNGER  
OF THE GIRLS. THEY ARRIVED IN MID-JULY FOR WHAT WAS TO  
BE A STAY OF ABOUT 45 DAYS, I.E., UNTIL ABOUT 1 SEPTEMBER.  
THERE HAS ALSO BEEN SPECULATION THAT ZIA MIGHT WISH  
TO VISIT THEM WHILE IN THE UNITED STATES. I WOULD  
HAZARD THAT THERE NOW IS A SERIOUS POSSIBILITY THAT ZIA  
WILL TRANSIT THE UNITED STATES -- POSSIBLY WASHINGTON --  
ON HIS WAY TO HAVANA, HEITHER TO VISIT WITH HIS FAMILY  
(WHD PRESUMABLY AMERICAN OFFICIALS AS WELL) OR  
TO PICK THEM UP TO TEF TSHVVZITH HIM TO HAVANA. HUMMEL  
BT  
#8266

26 Jul 79 03 11z

NNVV ESB133MJ022  
R RUQMHR  
R RUSBQD #8356 2061100  
NY CCCCC ZZH  
251002Z JUL 79  
FM AMEMBASSY ISLAMABAD  
TO RUEHC/SECSTATE WASHDC 4058  
INFO RUMJGM/AMEMBASSY COLOMBO 1756  
RUMJDK/AMEMBASSY DACCA 3417  
RUSRLK/AMEMBASSY KABUL 9483  
RUMJET/AMEMBASSY KATEMANDU 1767  
RUSBR/AMCONSUL KARACHI 8407  
RUM/AMCONSUL LAHORE  
RUM/AMCONSUL PESHAWAR  
RUMDT/AMEMBASSY LONDON 4144  
RUMJMA/AMEMBASSY MANILA 1360  
RUSBAE/AMEMBASSY NEW DELHI 1135  
RUMFNS/AMEMBASSY PARI 1145  
RUMQHR/AMEMBASSY TEHRAN 5355  
BT

ECON  
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C O N F I D E N T I A L

LIMITED OFFICIAL USE SECTION 1 OF 2 ISLAMABAD 8356

MANILA FOR ADB  
PARIS ALSO RIS C

I.O. 12065: N/A  
TAGS: EPIN,FEAID, EAGR, PK  
SUBJ: (U) KHURSHID AHMED REVIEWS THE FY 1979/80 BUDGET

MANILA FOR ADB  
PARIS ALSO FOR OECD

1. ON JULY 22, PROFESSOR KHURSHID AHMED, FORMER MINISTER  
AND DEPUTY CHAIRMAN OF THE PLANNING COMMISSION AND NOW  
HEAD OF THE NEWLY CREATED INSTITUTE FOR POLICY STUDIES,  
MADE PUBLIC HIS ANALYSIS AND RECOMMENDATIONS ON THE FY  
1979/80 BUDGET. PROFESSOR KHURSHID'S REPORT REFLECTS  
NOTH HIS TRAINING AS AN ECONOMIST AND HIS FUNDAMENTALIST  
ISLAMIC VIEW OF THE WORLD. IN THE COURSE OF ADVOCATING A  
NEW ECONOMIC STRATEGY FOR PAKISTAN BASED ON GROWTH WITH  
EQUITY TO BE BROUGHT ABOUT BY A REDISTRIBUTION OF WEALTH,  
A RETURN TO A MORE AUSTERE MODE OF LIFE, A COMMITMENT  
TO INDIVIDUAL INITIATIVE AND ENTERPRISE, AND AN EMPHASIS  
ON SOCIAL WELFARE AND BASIC HUMAN NEEDS, HE MANAGES TO  
COME UP WITH THE MOST COGENT CRITICISM OF THE BUDGET TO  
DATE AND SEVERAL MORE-OR-LESS COGENT IDEAS. HE CRITICIZ.

THE BUDGET AS EXTAVAGANT IN ORDINARY EXPENDITURES, CONTINUING THE POLICIES OF PREVIOUS REGIMES IN DEVELOPMENT SPENDING AND FOLLOWING AN ANTIQUATED TAX AND IMPORT POLICY WHICH DOES NOT CURB LUXURY CONSUMPTION AND PUTS MOST OF THE BURDEN ON THOSE WHO CAN LEAST AFFORD TO PAY. ON A MORE STRICTLY ISLAMIC NOTE, THE REPORT CALLS THE BUDGET AN "ANTI-CLIMAX TO THE DECLARATION OF THE 12TH RABI-UL-AWWAL" (THE ANNOUNCED INTRODUCTION OF NIZAMI-ISLAM IN PAKISTAN) ESPECIALLY WITH REGARD TO THE ISLAMIC CONTRIBUTIONS OF ZAKAT AND USHR, WHICH KHURSHID BELIEVES SHOULD HAVE A PLACE IN AN ISLAMIC-ORIENTED FISCAL SYSTEM, AND INTEREST FREE BANKING WHICH IS NOT ADDRESSED IN THE BUDGET. HOWEVER, THE REPORT ALSO IS SILENT AS TO HOW THESE THINGS COULD BE BROUGHT INTO THE BUDGET. THE RECOMMENDATIONS IN THE REPORT CONCENTRATE HEAVILY ON THE EXPENDITURE SIDE OF THE BUDGET, REFLECTING PROFESSOR KHURSHID'S DESIRE TO CUT DOWN ON WHAT HE BELIEVES IS WASTEFUL AND BADLY-DISTRIBUTED CONSUMPTION. HE THINKS CUTS IN SPENDING TOTALING RS. 6 BILLION AND MOBILIZATION OF RESOURCES THROUGH THE INCENTIVES TO THE PRIVATE SECTOR MIGHT REDUCE THE RS. 11.1 BILLION RESOURCE GAP TO RS. 2-2.5 BILLION.

2. KHURSHID AHMED RECOMMENDS CUTTING NON-DEVELOPMENT EXPENDITURE (ORDINARY EXPENDITURE) BY ABOUT RS. 2 BILLION FROM RS. 29.1 BILLION TO RS. 27.1 BILLION. WHILE RECOGNIZING THE IMPORTANCE OF DEFENSE, HE NEVERTHELESS RECOMMENDS THAT DEFENSE SPENDING, WHICH CONSTITUTES OVER 40 PERCENT OF ORDINARY EXPENDITURES, BE REDUCED BY 2 PERCENT (RS. 235 MILLION) AS A SHOW OF ARMY ACCEPTANCE OF THE NEED TO REDUCE SPENDING IN GENERAL. HE WOULD SUBJECT ALL OTHER LINE ITEMS TO AN ARBITRARY 10 PERCENT ACROSS THE BOARD CUT, SAVING RS. 275 MILLION, WHILE ALSO REDUCING SUBSIDIES BY RS. 726 MILLION BY REDUCING THE WHEAT SUBSIDY STILL FURTHER AND BY ELIMINATING THE SUBSIDY ON AGRICULTURAL INPUTS TO FARMS OF GREATER THAN 25 HECTARES. REGARDING SUBSIDIES, HE SAYS THAT "THERE IS VERY LITTLE ECONOMIC OR SOCIAL JUSTIFICATION FOR SUBSIDIES IN PAKISTAN". HOWEVER, HE DOES ADVOCATE A MODIFICATION OF THE FERTILIZER SUBSIDY IN THE DEVELOPMENT BUDGET WHICH, AS WITH OTHER SUBSIDIES IN THE ORDINARY BUDGET, WOULD CONTINUE SUBSIDIES TO SMALL FARMERS, WHILE CUTTING RS. 97 MILLION FROM THE DEVELOPMENT BUDGET. (HOWEVER, LEAVING ASIDE THE MERITS OF A TWO TIERED PRICING SYSTEM, THE ADMINISTRATIVE PROBLEMS ASSOCIATED WITH GIVING THE SUBSIDY ON AGRICULTURAL INPUTS TO SMALL FARMERS ONLY WOULD BE ENORMOUS AND PROBABLY COULD NOT BE DONE.) HE ALSO NOTES THAT CIVIL ADMINISTRATION AS A PERCENT OF CURRENT

FACTOR COST GNP IS MORE THAN TWICE THAT OF INDIA AND MANY TIMES GREATER THAN OTHER DEVELOPING COUNTRIES.

11

#5356

26 Jul 79 03 08z

NNNNVV ESB121MJC991  
RR RUQMR  
DE RUSBQD #8356/2 2061145  
ZNY CCCCC ZZE  
R 251002Z JUL 79  
FM AMEMBASSY ISLAMABAD  
TO RUEHC/SECSTATE WASHDC 4059  
INFO RUMJGM/AMEMBASSY COLOMBO 1757  
RUMJDK/AMEMBASSY DACCA 3418  
RUSBKR/AMCONSUL KARACHI 8408  
RUSBLK/AMEMBASSY KAEUL 9484  
RUMJHT/AMEMBASSY KATHMANDU 1768  
RUDTC/AMEMBASSY LONDON 4145  
RUMJMA/AMEMBASSY MANILA 1361  
RUSBAE/AMEMBASSY NEW DELHI 1136  
RUFNPS/AMEMBASSY PARIS 3146  
RUQMR/AMEMBASSY TEHRAN  
ZEN/WMCONSUL LAHORE  
ZEN/AMCONSUL PESHAWAR  
BT  
C O N F I D E N T I A L  
LIMITED OFFICIAL USE SECTION 2 OF 2 ISLAMABAD

MANILA FOR ADB

PARIS ALSO FOR OECD

3. HE RECOMMENDS THAT DEVELOPMENT SPENDING BE HELD TO LAST YEAR'S LEVEL OF RS. 19 BILLION BY A COMBINATION OF 1) AN ACROSS THE BOARD CUT OF 5 PERCENT, OR RS.1.1 BILLION, 2) A RS. 2 BILLION REDUCTION SPREAD AMONG VARIOUS PROJECTS, INCLUDING THE STEEL MILL AND FERTILIZER AND CEMENT PLANTS, ALONG WITH SOME PROJECTS DEEMED INAPPROPRIATE IN A TIME OF AUSTERITY SUCH AS THE ISLAMABAD SPORTS COMPLEX AND VARIOUS OTHER BUILDINGS. AND 3) THE REDUCTION OF THE FERTILIZER SUBSIDY MENTIONED ABOVE. DURING A PRESS CONFERENCE ON JULY 22, PROFESSOR KHURSHID EMPHASIZED HIS OPINION THAT MOST OF THE CUTS HE PROPOSED COULD BE MADE BY IMPROVING PROJECT ADMINISTRATION WITHOUT AFFECTING THE PHYSICAL PROGRESS OF THE PROJECTS. HE SAID THAT IN HIS TIME AS DEPUTY CHAIRMAN OF THE PLANNING COMMISSION, HE HAD SEEN ENOUGH WASTE, AND CORRUPTION TO KNOW THAT A GREAT DEAL OF MONEY COULD BE SAVED ON DEVELOPMENT BUDGET SIMPLY BY MORE CAREFUL MONITORING OF VARIOUS PROJECTS.

4. PROFESSOR KHURSHID ESTIMATES THE TOTAL INFLATIONARY IMPACT OF THE TAX PACKAGE INTRODUCED WITH THE BUDGET AT 25-30 PERCENT AND SAYS THAT IN "SELECTING THE ITEMS ON WHICH

TAXES HAD TO BE IMPOSED, THE BUDGET FRAMERS HAVE PUT THEIR FINGERS ON THOSE GOODS AND SERVICES WHICH AFFECT THE COMMON MAN". HE GOES ON TO CONDEMN THE IMPORT POLICY (ISLAMABAD 7512) AS NOT RESTRICTING LUXURY CONSUMPTION AND THE BUDGET AS INCREASING PAKISTAN'S DEPENDENCE ON FOREIGN AID AT A TIME WHEN THE TRADE DEFICIT IS INCREASING AND INTERNATIONAL DONOR COUNTRIES ARE BECOMING MORE RELUCTANT TO INCREASE AID TO PAKISTAN. HE DOES NOT MAKE ANY QUANTITATIVE RECOMMENDATIONS TO ALLEVIATE THE RESOURCE PROBLEM BUT SAYS THAT THE PRIVATE SECTOR SHOULD BE GIVEN INCENTIVES TO FACILITATE DOMESTIC RESOURCE MOBILIZATION AND ATTRACT MORE REMITTANCES FROM OVERSEAS PAKISTANIS. IF NEW TAXES SHOULD BECOME NECESSARY, THERE SHOULD BE AN EXTENSIVE REFORM OF TOTAL TAX POLICY TO MAKE ASSESSMENT MORE ACCURATE AND MAKE TAXES MORE PROGRESSIVE. HIS REPORT DOES NOT, HOWEVER, DISCUSS OR RECOMMEND AN AGRICULTURAL INCOME TAX WHICH COULD GO A LONG WAY TOWARDS REDUCING THE RESOURCE GAP.

5. COMMENT: HIS REPORT SAYS SOME OF THE THINGS THE INTERNATIONAL COMMUNITY HAS BEEN TELLING THE GOP ABOUT EXPANSIVE GOVERNMENT SPENDING, TOO MANY SUBSIDIES, AND OVER RELIANCE ON FOREIGN RESOURCES. THE REPORT'S RECOMMENDATIONS ON SPENDING PICK ON SOME OBVIOUS TARGETS, ALTHOUGH SOME ARE PROBABLY NOT PRACTICAL. ON THE RESOURCES SIDE, HE'S LESS SPECIFIC. LIKE MOST OF THE BUDGET CRITICS, KHURSHID WOULD LIKE TO SEE A BUDGET WITHOUT TAX INCREASES (ESPECIALLY INCREASES THAT HIT THE POOR, I.E., ALMOST EVERYONE) BUT HIS PROPOSALS TO ACHIEVE THIS END, BASED ON INVESTMENT INCENTIVES, ARE NOT CONVINCING AS A WAY TO MOBILIZE PRIVATE RESOURCES IN THIS TIME OF POLITICAL AND ECONOMIC UNCERTAINTY.  
END COMMENT.

6. COPIES OF A 35-PAGE SUMMARY OF PROFESSOR KHURSHID'S REPORT BEING POUCHED TO NEA/PAB, INR/REC, EB/OMA AND TREASURY, OASIA(MC DEN). HUMMEL

BT  
#8356

NNNNVV ESB122MJC982  
RR RUQMHR  
DE RUSBQD #8361 2061159  
ZNY CCCCC ZZH  
R 251055Z JUL 79  
FM AMEMBASSY ISLAMABAD  
TO RUEHC/SECSTATE WASHDC 4062  
INFO RUMJDK/AMEMBASSY DACCA 350  
RUQMRA/AMEMBASSY JIDDA 823  
RUSBLK/AMEMBASSY KABUL 9486  
RUSBKR/AMCONSUL KARACHI 8411  
RUSBAF/AMEMBASSY NEW DELHI 1183  
RUQMHR/AMEMBASSY TEHRAN 5357  
ZEN/AMCONSUL LAHORE  
ZEN/AMCONSUL PESHAWAR

BT  
C O N F I D E N T I A L

LIMITED OFFICIAL USE ISLAMABAD 8361

EO 12065 N/A

TAGS: PINT, PGOV, EGEN, SHUM, PK

SUBJ: SHIA MINORITY RESISTANCE TO SUNNI-ORIENTED ISLAMIZATION  
CONTINUES

REF: (A) ISLAMABAD 7631, (B) ISLAMABAD 7201, (C) KARACHI  
A-37, (D) LAHORE A-9

1. PAKISTANI URDU PRESS JULY 24 REPORTS THE SUNNI-DOMINATED  
SOCIAL WELFARE LEVIES "ZAKAT" AND "USHR" (REFTEL A) WILL NOT  
BE PROMULGATED IN THE NEAR FUTURE DUE TO CONTINUED RESIS-  
TANCE FROM THE MINORITY SHIA COMMUNITY.

2. COMMENT: THE REPORT APPEARS TO HAVE SUBSTANCE TEND TO,  
IN FACT, REPRESENT (AT LEAST TEMPORARY) SUCCESS IN THE SHIA  
PROGRAM OF RESISTANCE TO ISLAMIZATION ALONG EXCLUSIVELY  
SUNES.

3. ACCORDING TO SHIA SOURCES, THE ZAKAT AND USHR PRO-  
GRAM IS BEING RECONSIDERED BY THE COP'S COUNCIL ON  
ISLAMIC IDEOLOGY(CII) FROM WHICH THE PROPOSAL WILL BE  
BUCKED BACK TO THE CABINET FOR RECONSIDERATION. THE  
PROCESS MAY NOT SUBSTANTIVELY CHANGE THE PROGRAM BUT IS  
AN EFFECTIVE "HOLDING OPERATION" WHICH PUTS OFF ANY  
POSSIBLE IMPLEMENTATION UNTIL MUCH CLOSER TO PROMISED  
ELECTIONS. AS THE POLITICAL PROCESS GETS INTO FULL-  
SWING, THE SHIAS APPARENTLY FEEL, THE SUNNI PROPOSALS  
MAY BECOME TOO HOT A POLITICAL ISSUE TO BE PUSHED  
SERIOUSLY BY THE MLA. IT REMAINS TO BE SEEN WHETHER

26 JUL 79 03 0

THIS SHIA TACTIC WILL BE ULTIMATELY SUCCESSFUL. BUT IN  
STALLING FOR TIME IT HAS ALREADY WORKED. END COMMENT.  
HUMMEL  
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NNNNVV . ESA254MJC293  
RR RUQMR  
DE RUSBQD #8446 2100630  
ZNY CCCCC ZZH  
R 290540Z JUL 79  
FM AMEMBASSY ISLAMABAD  
TO RUEHC/SECSTATE WASHDC 4101  
INFO RUMJPG/AMEMBASSY BEIJING 584  
RUDKRB/AMEMBASSY BELGRADE 114  
RUMJGM/AMEMBASSY COLOMBO 1761  
RUSBLK/AMEMBASSY KABUL 9493  
RUSBKR/AMCONSUL KARACHI 8418  
RUDTC/AMEMBASSY LONDON 4148  
RUEHMO/AMEMBASSY MOSCOW 1425  
RUSBAE/AMEMBASSY NEW DELHI 1145  
RUQMR/AMEMBASSY TEHRAN 5360  
RUHQHQA/CINCPAC HONOLULU HI  
RUEHUB/USINTHAVANA 007  
ZEN/AMCONSUL LAHORE (POUCH)  
ZEN/AMCONSUL PESHAWAR (POUCH)  
BT  
CONFIDENTIAL

LIMITED OFFICIAL USE ISLAMABAD 8446

E.O. 12065: N/A  
TAGS: PEPR, PORG, PK, CU  
SUBJECT: CUBAN MINISTER VISITS

REF: ISLAMABAD 8266 (NOTAL)

1. (U) ANTONIO ESQUIVAL, THE CUBAN MINISTER FOR CHEMICAL INDUSTRIES AND PRESIDENT CASTRO'S SPECIAL ENVOY, ARRIVED IN PAKISTAN JULY 27. ESQUIVAL MET WITH PAKISTANI FOREIGN ADVISOR AGHA SHAHI IN KARACHI ON THE 27TH THEN PROCEEDED TO ISLAMABAD THAT EVENING.
2. (U) AGHA SHAHI TOLD THE PRESS AFTER HIS MEETING WITH ESQUIVAL THAT THEIR TALKS CONCERNED BOTH THE AGENDA FOR THE HAVANA MEETING AND PAK-CUBA BILATERAL RELATIONS. THE ONLY SPECIFIC POINT HE MENTIONED WAS THE AGREEMENT TO GRANT ACCREDITATION OF THE CUBAN AMBASSADOR IN BEIJING TO ISLAMABAD AS WELL.
3. (U) AGHA SHAHI TOLD THE PRESS HE WILL ATTEND THE HAVANA MEETING, ARRIVING DURING THE FINAL WEEK OF AUGUST.
4. (U) ESQUIVAL DINED WITH PRESIDENT ZIA UL-HAQ IN RAWALPINDI ON JULY 28 WHERE HE REPORTEDLY ASSURED ZIA OF CUBA'S SUPPORT FOR PAKISTAN'S MEMBERSHIP IN THE NAM. HE DELIVERED TO ZIA THE LETTER FROM CASTRO WHICH -- ALTHOUGH NO DETAILS WERE GIVEN -- APPARENTLY MADE THE SAME COMMITMENT.
5. (U) COMMENT: PAKISTAN'S DETERMINATION TO GAIN FULL NAM MEMBERSHIP IS STRONG AND AGHA SHAHI'S EARLY ARRIVAL AT HAVANA IS INDICATIVE OF HIS DECISION TO DO ALL POSSIBLE TO ASSURE A SMOOTH ENTRY INTO THE GROUP.
6. (U) THE VISIT BY THE CUBAN DELEGATION WAS LAID-ON WITH SHORT NOTICE, ACCORDING TO AN MFA OFFICIAL WHO COMPLAINED TO EMBOFF JULY 27 THAT THE PROTOCOL ARRANGEMENTS WERE MADE ONLY HOURS BEFORE THE ARRIVAL OF ESQUIVAL AND FOUR OTHER CUBANS, END COMMENT.

HUMMEL

BT  
#8446

29 JUL 79 09 48z

NNNNVV . ESA271MJC323  
PP RUQMR  
DE RUSBQD #8466 2101120  
ZNY CCCCC ZZH  
P R 291110Z JUL 79  
FM AMEMBASSY ISLAMABAD  
TO RUEHC/SECSTATE WASHDC PRIORITY 4108  
INFO RUMJGM/AMEMBASSY COLOMBO 1763  
RUMJDK/AMEMBASSY DACCA 3425  
RUSBLK/AMEMBASSY KABUL 9496  
RUMJHT/AMEMBASSY KATHMANDU 1773  
RUSBKR/AMCONSUL KARACHI 8421  
ZEN/AMCONSUL LAHORE  
RUDTC/AMEMBASSY LOND LK GURORO  
RUMJMA/AMEMBASSY MANILA 1362  
RUSBAE/AMEMBASSY NEW DELHI 1147  
RUFNPS/AMEMBASSY PARIS 3152  
ZEN/AMCONSUL PESHAWAR  
RUQMR/AMEMBASSY TEHRAN 5361 ✓  
BT  
CONFIDENTIAL

LIMITED OFFICIAL USE ISLAMABAD 8466

MANILA FOR ADB  
PARIS ALSO FOR OECD

E.O. 12065: N/A  
TAGS: EFIN, EAD, EAGR, PK  
SUBJ(U) ZIA CHANGES THE BUDGET A LITTLE

REF: (A) ISLAMABAD 8414, (B) ISLAMABAD 8460

1. IN A SERMONIZING SPEECH ON THE MUCH-CRITICIZED BUDGET ON JULY 27, PRESIDENT ZIA-UL-HAQ DEFENDED THE BUDGET AND HIS FINANCE MINISTER, CALLED ON THE NATION TO TIGHTEN ITS BELT IN THE INTEREST OF HELPING PAKISTAN TO OVERCOME THE ECONOMIC MISMANAGEMENT OF THE PREVIOUS REGIME, AND SKETCHED A FEW REVENUE AND EXPENDITURE CUTS (PLUS ONE EXPENDITURE INCREASE) WITHOUT GIVING MANY DETAILS. HE ALSO CALLED FOR PROTECTING PAKISTAN'S SOVEREIGNTY, INCLUDING APPARENTLY ITS NUCLEAR OPERATION (REF.B), BY BECOMING LESS DEPENDENT ON FOREIGN AID. PRESIDENT ZIA RESCINDED THE PRICE INCREASES FOR KEROSENE AND NATURAL GAS USED IN HOUSES AS WELL AS THE INCREASED DUTY FOR IMPORTED MILK POWDER. HE ALSO ANNOUNCED SOME RELIEF FROM THE WEALTH TAX ON PROPERTY BY EXEMPTING PRINCIPAL RESIDENCES FROM THE TAX AND GAVE CIVIL SERVANTS EARNING RS. 1500 OR LESS A RS. 40 PER MONTH COST OF LIVING ALLOWANCE. ACCORDING TO PRELIMINARY INDICATIONS, THE NET EFFECT OF THE MEASURES, ESPECIALLY THE WAGE INCREASES, WILL PROBABLY BE TO INCREASE THE DEFICIT SLIGHTLY.

29 JUL 79 12 16z

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2. WITHOUT GIVING ANY DETAILS, HE ANNOUNCED A RS. 500 MILLION CUT IN NON-DEVELOPMENT (ORDINARY) EXPENDITURE (2 PERCENT) AND A RS. 800 MILLION REDUCTION IN THE DEVELOPMENT BUDGET (3.5 PERCENT). DR. H.M. QAZI, A MEMBER OF THE BUDGET REVIEW COMMITTEE, HAS TOLD US THAT THE CUT IN ORDINARY EXPENDITURE WAS CLOSE TO THE COMMITTEE'S RECOMMENDATION OF ABOUT RS. 650 MILLION WHICH WOULD HAVE COME IN ALL ITEMS INCLUDING DEFENSE. THE ANNOUNCED CUTS IN DEVELOPMENT SPENDING FELL SHORT OF THE COMMITTEE'S RECOMMENDED RS. 2 BILLION WHICH WOULD HAVE COME IN AS AN ACROSS THE BOARD CUT IN ADMINISTRATIVE EXPENSES AND CANCELLING SOME PROJECTS, BUT NOT TOUCHING THE KARACHI STEEL MILL, PORT QASIM, FERTILIZER PLANTS OR REDUCING THE FERTILIZER SUBSIDY. WE DON'T YET KNOW HOW THE ANNOUNCED CUTS ARE TO BE DISTRIBUTED, BUT WE DO KNOW THAT THE JUST-MENTIONED ITEMS WILL BE TOUCHED IN ANY WAY.

3. IN AN AUSTERITY CLAIM, ZIA SAID THAT PAKISTAN WOULD REDUCE THE NUMBER OF ITS EMBASSIES ABROAD AND TRIM EXPENSES AT THOSE REMAINING (REF B). HE ALSO ANNOUNCED A CIVIL SERVICE HIRING FREEZE, A BAN ON THE GOVERNMENT'S IMPORT OF OFFICIAL CARS ABOVE 1300 CC AND ISSUED AN ORDER TO ALL GOVERNMENT AGENCIES TO OBSERVE SIMPLICITY IN ALL OFFICIAL FUNCTIONS.

4. THE DETAILS OF THE CUTS ARE STILL BEING WORKED OUT AND WE WILL REPORT DETAILS ONCE THEY BECOME KNOWN.

BT  
#8466

HUMMEL

00104  
RUVV ESA434MJC114  
RUCMHR  
RUSBQD #8543/1 2120415  
BY CCCCC ZZH  
#10300Z JUL 79  
IN AMEMBASSY ISLAMABAD  
RUEHC/SECSTATE WASHDC PRIORITY 4137  
#0 RUMJGM/AMEMBASSY COLOMBO 1765  
#JDK/AMEMBASSY DACCA 3429  
#LAK/AMEMBASSY KABUL 9501  
#JNY/AMEMBASSY KATHMANDU 1776  
#BKR/AMCONSUL KARACHI 8432  
#AMCONSUL LAHORE (POUCH)  
DTC/AMEMBASSY LONDON 4153  
#MNA/AMEMBASSY MANILA 1363  
#BAE/AMEMBASSY NEW DELHI 1153  
#PSP/AMEMBASSY PARIS 3156  
#AMCONSUL PESHAWAR (POUCH)  
#TAA/AMEMBASSY TEHRAN 5363

OMN I D E N T I A L

LIMITED OFFICIAL USE SECTION 1 OF 2 ISLAMABAD 8543

MANILA FOR ADB

PARIS ALSO FOR OECD

INFO: 12065: N/A  
AGS: EFIN, EAID, EAGR, PK  
SUBJECT: BUDGET EXPENDITURES; SUBSIDIES, DEFENSE AND DEBT  
SERVICE TAKE THE LION'S SHARE

REFS: (A) ISLAMABAD 7502, (B) ISLAMABAD 7706

1. SUMMARY: IN SPITE OF A RECORD PACKAGE OF NEW AND INCREASED TAXES DESIGNED TO INCREASE TAX REVENUES FROM ABOUT 13 TO JUST UNDER 14 PERCENT OF GNP, PAKISTAN'S BUDGET DEFICIT WILL STILL BE MORE THAN DOUBLE LAST YEAR'S ORIGINALLY BUDGETED DEFICIT BECAUSE OF EVEN LARGER INCREASES IN ORDINARY AND DEVELOPMENT EXPENDITURES. OUR 13 PERCENT FIGURE IS HIGHER THAN MUHAMMAD ISHAK'S 12 PERCENT QUOTED IN THE BUDGET SPEECH, BECAUSE HE USED THE REVISED PFY 1978/79 FIGURE IN HIS CALCULATIONS WHEREAS WE USED ORIGINAL BUDGET ESTIMATES. OUR GNP FIGURE FOR 1979/80 ASSUMES A 14 PERCENT GROWTH IN CURRENT PRICE GNP. MOST OF THE INCREASES IN THE DEVELOPMENT BUDGET COME IN THE FERTILIZER SUBSIDY, SPENDING ON GOVERNMENT-OWNED CORPORATIONS, E.G., THE KARACHI STEEL MILL, AND WATER AND POWER PROJECTS.  
END SUMMARY.

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 AMEMBASSY ISLAMABAD  
 RUHC/SECSTATE WASH DC PRIORITY 4138  
 RUMJGM/AMEMBASSY CULOMBO 1766  
 RJDK/AMEMBASSY Dacca 3430  
 RBLK/AMEMBASSY KABUL 9502  
 RJHT/ AMEMBASSY KATHMANDU 1777  
 RBRK/AMCONSUL KARACHI 8433  
 R/AMCONSUL LAHORE (POUCH)  
 ROTC/AMEMBASSY LONDON 4154  
 RJMA/AMEMBASSY MANILA 1364  
 RBAE/AMEMBASSY NEW DELHI 1154  
 RNPS/AMEMBASSY PARIS 3157  
 R/AMCONSUL PESHAWAR (POUCH)  
 RUMHR/AMEMBASSY TEHRAN 5364

2. THE RESOURCE MOBILIZATION EFFORT IN THE CURRENT YEAR'S BUDGET APPEARS TO BE MOST INTENSIVE IN PAKISTAN'S HISTORY. AS A RESULT, MAINLY OF NEW AND INCREASED TAXES, TAX REVENUES ARE BUDGETED TO INCREASE BY 24 PERCENT, A FIGURE THAT IF REALIZED WILL ALMOST CERTAINLY SUBSTANTIALLY EXCEED THE INCREASE IN CURRENT PRICE GDP. OTHER RECEIPTS ARE BUDGETED TO FALL 11 PERCENT MAINLY BECAUSE OF LOWER RECEIPTS OF FOREIGN AID SO THAT TOTAL RECEIPTS ARE BUDGETED TO RUN ONLY 9 PERCENT OVER LAST YEAR'S ORIGINAL BUDGET. THIS LARGER TAX BURDEN IS BITTERLY RESENTED WITHIN PAKISTAN BUT SHOULD HAVE BEEN A CONTRIBUTION TO THE EFFORT TO GET PAKISTAN TO LIVE WITHIN ITS MEANS -- AN EFFORT SO UNIVERSALLY RECOMMENDED BY THE DONOR COMMUNITY. UNFORTUNATELY, HOWEVER, THE BENEFICIAL (IF DOMESTICALLY UNPALATABLE) EFFECTS OF THE TAX INCREASES WERE MORE THAN OFFSET BY EVEN MORE RAPID

BUDGETED INCREASES IN EXPENDITURES. EXPENDITURES ARE BUDGETED TO GROW BY ABOUT 21 PERCENT, SO THAT THE INITIAL BUDGETED DEFICIT IS MORE THAN DOUBLE THE INITIALLY BUDGETED (AND UNREALISTICALLY LOW) BUDGET DEFICIT IN FY 1978/79. THIS MESSAGE IDENTIFIES THE MAJOR INCREASES. IT IS BASED ON THE BUDGET AS PRESENTED JUNE 28, THE CHANGES INTRODUCED BY PRESIDENT ZIA ON JULY 27 ARE STILL BEING WORKED OUT, AND SHOULD HAVE A SMALL EFFECT ON THE THRUST OF THIS MESSAGE.

3. THE GROWTH IN EXPENDITURES IS HIGHER IN THE ORDINARY THAN IN THE DEVELOPMENT BUDGET, AND DESPITE THE RECENT INCREASE IN THE PRICE OF WHEAT AT THE RATION SHOPS, A LARGE PART OF THE INCREASED DEFICIT IS THE RESULT OF LARGER SUBSIDIES. LARGER BILLS FOR DEBT SERVICE (UP 17 PERCENT), DEFENSE SPENDING (UP 15 PERCENT) AND SUBSIDIES (UP 61 PERCENT) ACCOUNT FOR FOUR-FIFTHS OF THE TOTAL INCREASE IN NON-DEVELOPMENT EXPENDITURE. (THE FIGURE FOR SUBSIDIES DOES NOT INCLUDE THE SUBSIDY ON FERTILIZER, WHICH IS INCLUDED IN THE DEVELOPMENT BUDGET,) ALTHOUGH THE PERCENTAGE INCREASE IN THE DEFENSE BUDGET WAS LOWER THAN THE PERCENTAGE INCREASE FOR THE BUDGET AS A WHOLE, IT NONETHELESS AMOUNTED IN ABSOLUTE TERMS TO OVER \$150 MILLION, FOR THE LARGEST SINGLE INCREASE IN THE BUDGET. IN TERMS OF MILITARY NEEDS AND THE STATE OF READINESS OF THE PAKISTAN MILITARY, THE FIGURE IS UNDOUBTEDLY MODEST. RELATED EXPENDITURE INCREASES FOR CIVIL ARMED FORCES AND AFGHAN REFUGEES WOULD BRING TOTAL IDENTIFIABLE SECURITY EXPENDITURES AT \$220 MILLION.

4. WHILE THE INCREASE IN DEFENSE AND DEBT SERVICE AFFECTS MAINLY BUDGETARY RIGIDITIES, THE ENORMOUS SUBSIDY FIGURE INDICATES SEVERAL MALISES OF THE PAKISTAN ECONOMY. ABOUT \$65 MILLION IS SET ASIDE FOR "INCENTIVES" FOR COTTON TEXTILE EXPORTS TO MAKE THEM COMPETITIVE, WHILE A SIMILAR

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C O N F I D E N T I A L

LIMITED OFFICIAL USE SECTION 2 OF 2 ISLAMABAD 8543

AMOUNT IS SET ASIDE TO SUBSIDIZE RAW COTTON EXPORTS. THERE WAS ALSO AN INCREASE OF RS. 32 MILLION IN THE PROVISION FOR REIMBURSING BANKS THAT LEND MONEY TO PRODUCERS BELOW THE PREVAILING RATE OF INTEREST AS FURTHER INCENTIVE FOR EXPORTS. THE EDIBLE OIL SUBSIDY TO HOLD DOWN CONSUMER PRICES ROSE RS. 324 MILLION.

THE REMAINING FIFTH OF THE INCREASE IN ORDINARY EXPENDITURES -- RS. 900 MILLION -- IS SPREAD OVER A NUMBER OF ITEMS SUCH AS THE TRANSFER TO THE FEDERAL GOVERNMENT OF COLLEGE AND UNIVERSITY EXPENSES PREVIOUSLY BORNE BY THE PROVINCES (RS. 224 MILLION), INCREASED CONTRIBUTIONS TO THE NATIONAL OIL COMPANIES (RS. 97 MILLION), EXPENSES OF THE NATIONAL LOGISTICS CELL WHICH DISTRIBUTES WHEAT AND FERTILIZER IMPORTS (RS. 166 MILLION), ATOMIC ENERGY (RS. 13 MILLION), AND OTHERS (RS. 400 MILLION).

DEVELOPMENT EXPENDITURE, AT RS. 423 BILLION, IS BUDGETED TO INCREASE BY 21 PERCENT OVER THE ORIGINALLY BUDGETED FIGURE FOR PFY 1978/79. OVER ONE-HALF OF THE RS. 4 BILLION INCREASE IS ACCOUNTED FOR BY INCREASES IN THE FERTILIZER SUBSIDY (UP 73 PERCENT), OLD AND NEW SPENDING ON GOVERNMENT-OWNED CORPORATIONS (UP 30 PERCENT) AND WATER AND POWER PROJECTS (UP 36 PERCENT). THE LARGEST SINGLE INCREASE IN THE DEVELOPMENT BUDGET CAME IN FERTILIZER SUBSIDIES WHICH WENT UP RS. 700 MILLION. SPENDING ON THE KARACHI STEEL MILL IS BUDGETED TO RUN RS. 250 MILLION, OR 8 PERCENT, AND EXPENDITURE ON ITS COMPANION PROJECT, PORT QASIM, ROSE RS. 290 MILLION, OR 30 PERCENT. OTHER MAJOR INDUSTRIAL EXPENDITURES ARE IN OIL AND GAS DEVELOPMENT CORPORATION (OGDC), UP 50 PERCENT TO RS. 750 MILLION, FOR CONTINUING EXPLORATION AND DEVELOPMENT OF PETROLEUM RESOURCES, THE URBAN ROAD TRANSPORTATION CORPORATION, UP RS. 290 MILLION FROM LAST YEAR'S RS. 50 MILLION, PRESUMABLY FOR THE PURCHASE OF ADDITIONAL BUSES TO REPLACE THE AGING FLEETS SERVING PAKISTAN'S MAJOR CITIES, AND TWO NEW ALLOCATIONS OF RS. 100 MILLION EACH FOR FAUJI FERTILIZER AND THE PAKISTAN AUTOMOBILE CORPORATION. THE INCREASES FOR WATER AND POWER DEVELOPMENT ARE RS. 300 MILLION FOR THE ELECTRIFICATION OF 2,000 RURAL VILLAGES AND RS. 123 MILLION FOR SALINITY CONTROL AND RECLAMATION PROJECTS (SCARP).

HUMMEL

## CONFIDENTIAL

## memorandum

DATE: August 1, 1979

REPLY TO  
ATTN OF: Masood Akram  
Economic Advisor

SUBJECT: Islamic Rally at Peshawar University

TO: Douglas B. Archard  
Principal Officer

Beginning from July 21, 1979, a three-day rally of Islami Jamiati-Tulaba was held at the campus of Peshawar University under the auspices of their NWFP Branch. Fairly elaborate arrangements were made to receive the delegates to the rally who came from all over the country. Transportation, boarding and lodging facilities were arranged by very enthusiastic workers of Islami Jamiati-Tulaba of Peshawar University. It is somewhat difficult to say how many out-of-town delegates attended the rally. Estimates vary from 500 to over 1,000. Delegates included a twenty-man delegation from Saudi Arabia. The total audience in certain sessions exceeded 3,000 persons.

According to Shabir Ahmed, a medical student at Peshawar University, and Irshad ul-Haq, a businessman, both enthusiastic supporters of Jamaat - i - Islami (J.I.), who attended the rally, the declared objective of the rally was to infuse the spirit of Islam in Pakistani youth, and prepare the young generation for handling the responsibility of an Islamic society. With this end in view, sermons by learned scholars of Islam, speeches by leaders of J.I. and meetings for recitation and interpretation of Quran, were organized during different sessions of the rally. An exhibition dealing with the history of the Islamic revolution in Iran, Pakistan, and Afghanistan was also held.

The rally received a good will message from Maulana Maudoodi, the founder of J.I. who predicted a resurgence and the final supremacy of Islam. A number of top leaders of J.I. came to address the rally. They included Professor Ghafoor, Professor Khurshid, Mian Tufail Mohammad, Qazi Hussain Ahmed and others. Prominent among the student leaders were Liaqat Baluch, Shabir Ahmed, Arbab Afridi, and Zafar Jamal Baluch. Practically all the leaders of the J.I. who addressed the rally talked about the basic themes: (1) Greatness of Islam as a solution for the problems of today's world with special reference to Pakistan, (2) the rather precarious state of Pakistan's national economy, and (3) Jihad and Islamic resurgence. For instance, Professor Khurshid said that Islam is the only religion which came to overshadow everything else

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E.O. 12065 GDS July 31, 1985 (ARCI AK., DOUGLAS B.) OR-M

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and it teaches one to live a revolutionary life. He said that every Pakistani is in debt for ten thousand rupees. He tried to disassociate the PNA from responsibility for preparation of the new Federal budget.

The head of Jamaat-Islami Afghanistan, Professor Burhanuddin Rabbani and the head of Hezb-i-Islami, Afghanistan Gulbadeen Hekmatyar, also addressed the rally. Rabbani paid glowing tribute to the Islamic revolution in Iran. He also praised the efforts of Pakistanis to introduce an Islamic system in the country. He emphasized the importance of laying down one's life for the cause of religion and said such sacrifices always bear fruit. Rabbani also described the cruel treatment being meted out to religious scholars and believers in Afghanistan by the Taraki government. Hekmatyar confined his remarks to a description of the Islamic revolution in Afghanistan. He pointed out the great sacrifices which the people of Afghanistan are making to save their religion from communism. He praised Islami Jamiati-Tulaba for working for the glory of God and Islam.

The Iranian Charge de Affaire, Gunj Dost, inaugurated an exhibition dealing with the struggle for Islamic revolution in Iran, Afghanistan and Pakistan. He described the recent Islamic revolution in Iran and praised Islam as the only system which can cope with today's problems. He felt that no one can stop the resurgence of Islam.

Commenting to me on the rally, a senior member of the Peshawar University faculty said disdainfully that the rally was responsible for making the campus dirty. He pointed out that few local students had participated in it. The fairly large audience, he said, was due to the presence of Class IV employees (peons, chowkidars, etc.) and youngsters from the neighboring villages who came to get free meals. He said that the general approach of J.I. students is very militant. In his opinion, these students do not have much chance in the Peshawar University politics, as PPP and Pushtoon students are the really strong groups here.

Drafted by: MAKram

Approved by: DBArchard

cc: AMB, SPEC, Lahore, Karachi, Kabul (POL), Tehran (POL),  
NEA/PAB, INR/RNA/SOA, INR/OIL/B

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TO RUEHC/SECSTATE WASHDC PRIORITY 4329  
INFO RUMJGM/AMEMBASSY COLORADO 1793  
RUMJDK/AMEMBASSY Dacca 3454  
RUCNRA/AMEMBASSY JINNA 837  
RUBLK/AMEMBASSY KABUL 9554  
RUMJTH/AMEMBASSY KATHMANDU 1796  
RUCNKR/AMCONSUL KARACHI 4909  
RUDTC/AMEMBASSY LONDON 4187  
RUSBAE/AMEMBASSY NEW DELHI 1214  
RUFNPS/AMEMBASSY PARIS 3178  
RUMQHR/AMEMBASSY TEHRAN 5377  
RUMQHQ/CINCPAC HONOLULU HI

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C O N F I D E N T I A L ISLAMABAD 9161

CINCPAC FOR POLAD

E.O. 12065: GDS 12 AUG 1985 (HAGERTY, H.G.) OR-P

TAGS: PINT, PA, MNUC

SUBJ: (U) REPORTED DEAL WITH THE US TO SAVE BHUTTO AND STOP  
NUCLEAR PROGRAM

1. (U) UNDER BANNER HEADLINE "BENZAIR'S DEAL WITH AMERICA,"  
GOVERNMENT-CONTROLLED PAKISTAN TIMES 11 AUGUST CARRIED  
PPP STORY ALLEGING THAT BENAZIR BHUTTO, DAUGHTER OF THE LATE  
PRIME MINISTER, HAD "STRUCK A DEAL WITH AMERICAN FOR SUPPORT  
(IN HER FATHER'S CAMPAIGN FOR CLEMENCY) IN RETURN FOR A  
PLEDGE TO SCUTTLE PAKISTAN'S DRIVE FOR NUCLEAR CAPABILITY."

2. (U) "THE STRATEGY ADOPTED BY MISS BENAZIR," THE STORY  
RELATES, "WAS TO FIRST CONVINCE THE AMERICANS AND THE WORLD  
AT LARGE THAT PAKISTAN WAS ON THE VERGE OF PRODUCING  
A NUCLEAR BOMB, AND AFTER CREATING THIS ALARM, TO USE  
THIS AS A TRUMP CARD TO WIN THE SUPPORT OF THE U.S.  
GOVERNMENT FOR BHUTTO" IN HIS WORLD-WIDE APPEAL FOR  
CLEMENCY. AS EVIDENCE OF THIS PLOT, THE ARTICLE  
CITES A LETTER THAT BENAZIR ALLEGEDLY WROTE HER BROTHER  
MIRFAZA IN LONDON AFTER THE LAHORE HIGH COURT HAD  
FOUND THEIR FATHER GUILTY AS CHARGED AND SENTENCED  
HIM TO DEATH.

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ARTICLE ALLEGES THAT USG WAS A TOUGH NUT TO  
CRACK WITH THIS DEAL, SINCE PRIMIN BHUTTO HAD "OFFENDED"  
THE MOST IRRETRIEVABLY BY ACCUSING IT OF HATCHING A  
POLITICAL CONSPIRACY. FOR HIS OVERTHROW, IT COULD BE  
SAID ONLY IF SOMETHING CONCRETE WERE OFFERED.. A  
BUTTO FAMILY WILLINGNESS TO GIVE UP THE CONTROVERSIAL  
NUCLEAR PROCESSING PLANT CONTRACT WITH THE FRENCH WAS THE  
OFFERED QUID PRO QUO.

AND THE PLAN DID NOT SAVE BHUTTO'S LIFE BUT THE  
ARTICLE ALLEGES IT "CERTAINLY ORCHESTRATED WESTERN  
PROPAGANDA AGAINST PAKISTAN ON THE NUCLEAR ISSUE"  
THE AUTHORS ADDUCE, AS ADDITIONAL EVIDENCE, THE APPEALS  
MADE FOR BHUTTO'S LIFE AND THE BHUTTOS' "SEALED-  
OFF CONSPIRACY OF SILENCE ON THE MOUNTING AMERICAN  
PRESSURE AGAINST PAKISTAN'S SEARCH FOR NUCLEAR  
TECHNOLOGY."

AND AT CONCLUSION, ARTICLE NOTES AMERICAN RELATIONSHIP  
WITH SOMOZA FAMILY IN NICARAGUA AS ILLUSTRATION OF  
AMERICAN WILLINGNESS TO CONCLUDE A DEAL WITH AN  
IDENTICAL FAMILY.

EMBASSY HAS PREPARED AND CIRCULATED TO  
CONSTITUENT POSTS FOLLOWING PRESS GUIDANCE ON AN IF  
BOTH BASIS: QUOTE WE ARE UNABLE TO COMMENT ON  
EXISTENCE OF SUCH A LETTER BETWEEN BENAZIR BHUTTO AND  
HER BROTHER AS DESCRIBED IN PAKISTAN TIMES 11 AUG. WHAT  
CAN SAY, HOWEVER, IS THAT WE KNOW OF NO APPROACH  
HAVING BEEN MADE TO THE U.S. GOVERNMENT SUCH AS THAT  
DESCRIBED IN THE PAKISTAN TIMES STORY, AND WE CAN SAY  
MAINLY THAT NO SUCH ARRANGEMENT OR UNDERSTANDING WAS EVER  
REACHED BETWEEN THE UNITED STATES GOVERNMENT AND ANY  
MEMBER OF THE BHUTTO FAMILY. UNQUOTE

COMMENT: THE ARTICLE IS A BLATANT AND HEAVY-  
HANDED SLAM MAINLY AT THE BHUTTOS AND SECONDARILY AT THE  
FAMILY. IT IS AN INGENIOUS (IF TRANSPARENT) ATTEMPT, WE  
THINK, BY THE PAKISTAN MARTIAL LAW ADMINISTRATION (MLA)  
LEADER BENAZIR (AND HER MOTHER, PPP CHAIRMAN NUSRAT  
BHUTTO WHO COMES OUT OF MOURNING ON THE 14TH) WITH THE  
HELP OF THE NUCLEAR IMPASSE WITH THE UNITED STATES  
TO TAKE SOME DOING, AND THE GAPS IN THE CHRONOLOGY  
AND THE LOGIC OF THE PIECE SERVE CONSIDERABLY TO  
DIMINISH ITS EFFECT. WE HAVE HAD NOT ONE PRESS QUERY  
ASKED OF THE PIECE SINCE ITS APPEARANCE, AND EVEN THE  
DAILY WING URDU DAILY NAWA-I-WAQF OFFERS TODAY THAT IT  
WILL AWAIT BENAZIR'S EXPLANATION BEFORE COMMENTING.

STILL, THE PIECE IS REMINISCENT OF THE HEAVY-  
HANDED SMEAR CAMPAIGN AGAINST BHUTTO HIMSELF WHILE  
THE SUPREME COURT WAS CONSIDERING HIS APPEAL FROM THE  
LAHORE HIGH COURT VERDICT. IT IS BUT ONE SIGN IN MANY  
THAT THE MLA IS PREPARED TO COME DOWN HEAVY AGAINST THE  
BHUTTOS -- AND ESPECIALLY AGAINST THE BHUTTO WOMEN/FAMILY  
MEMBERS -- WEEKS AHEAD AS ELECTIONS WHICH COULD RETURN TO THE  
BHUTTOS TO POWER DRAW CLOSER.

HUMMEL

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FM AMEMBASSY ISLAMABAD

TO RUEHC/SECSTATE WASHDC 4351

INFO RUMJGM/AMEMBASSY COLOMBO 1802

RUMJDK/AMEMBASSY Dacca 3458

RUMBLK/AMEMBASSY KAEUL 9561

RUMJMT/AMEMBASSY KATHMANDU 1799

RUMJRR/AMCONSUL KARACHI 8522

ZNY/AMCONSUL LAHORE

RUMJTC/AMEMBASSY LONDON 4192

RUMJEE/AMEMBASSY NEW DELHI 1224

RUMJAM/AMCONSUL PESHAWAR

RUMJHR/AMEMBASSY TEHRAN 5383

RUMJHQA/CINCPAC HONOLULU HI

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CONFIDENTIAL SECTION 1 OF 2 ISLAMABAD 9219

CINCPAC FOR POLAD

E.O. 12865 GDS 12 AUGUST 1995(MULTIPLE SOURCES) OR-P

PAGE: PINT, SHUM, PK

SUBJ(C) ELECTION - '79: THE PAKISTAN PEOPLES PARTY(PPP)-  
REFFW TO RUK?

REFS:(A) KARACHI 4428 NOTAL (B) KARACHI 4429 NOTAL  
(C) KARACHI 4228 NOTAL (D) LAHORE 1053 NOTAL  
(E) LAHORE 996 NOTAL (F) ISLAMABAD 8407

1. (C-ENTIRE TEXT).

2. SUMMARY: BEGUM NUSRAT BHUTTO, WIDOW OF FORMER PRIME MINISTER BHUTTO, WILL EMERGE FROM HER EXTENDED PERIOD OF MOURNING ON 14 AUGUST 1979, THE 32ND ANNIVERSARY OF PAKISTAN'S INDEPENDENCE. CONFIRMED DURING HER PERIOD OF MOURNING AS CHAIRMAN OF HER HUSBAND'S PAKISTAN PEOPLES PARTY (PPP), NUSRAT HAS USED HER PERIOD OF ISOLATION TO STAKE HER CLAIM TO A "FAMILY SUCCESSION" WHILE REMAINING ALOOF FROM THE FACIIONAL INTERPLAY BENEATH HER ON THE PARTY'S FUTURE COURSE, PROGRAM, AND SECONDARY LEADERSHIP.

2  
3. THERE ARE MANY SIGNS THAT THE ATTEMPT AT FAMILY SUCCESSION IS MEETING WITH SUCCESS THUS FAR. FOUR MONTHS AFTER HIS DEATH, THERE HAS BEEN A SURGE OF NOSTALGIA AND EMOTION IN CONNECTION WITH THE FORMER

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LEADER AND HIS NAME; THE SO-CALLED "BRUTTO PHENOMENON," A MARTYRED MIX OF SUELEM, GRIEF, AND POLITICAL MANIPULATION, IS REAL, ESPECIALLY IN RURAL SIND. THROUGH A SERIES OF MEETINGS, THE BRUTTO WOMEN, DAUGHTER BENAZIR OUT FRONT AND MOTHER NUSRAT BEHIND THE SCENES, HAVE PLAYED AN IMPORTANT ROLE IN RALLYING THE PARTY FROM ITS POST-EXECUTION STUPOR AND DEPRESSION. THEY FACE A FORMIDABLE TASK IN STEERING THE PARTY THROUGH THE DIFFICULT MONTHS AHEAD IN THE FACE OF SMEARS AND PRESSURES INSPIRED BY THE MARTIAL LAW ADMINISTRATION AND BY OTHER PARTIES (SEPTEL), THE EAT DIVISIONS WHICH EXIST WITHIN THE PARTY, AND THE PARTY'S URGENT NEED FOR VIGOROUS LEADERSHIP AND ORGANIZATIONAL WORK. YET EVERYONE AT THIS POINT -- INCLUDING THE MLA -- APPEARS TO REGARD THE PPP AS THE PARTY TO BEAT AND THAT HAS A MOMENTUM ALL ITS OWN IN TERMS OF ESTABLISHING THE PPP AS THE FRONT-RUNNER IN PAKISTAN'S DAWNING ELECTION PERIOD. END SUMMARY.

4. THE PPP TODAY: CONVINCED THAT ITS POPULARITY IS ON THE RISE, THE PPP OVER WHICH BEGUM NUSRAT BRUTTO WILL ASSUME ACTIVE COMMAND ON 14 AUGUST FACES TWO MAJOR PROBLEMS AS IT LOOKS CONFIDENTLY TOWARDS NOVEMBER ELECTIONS:

--FIRST, ALTHOUGH WHAT HAS COME TO BE TERMED THE "BRUTTO PHENOMENON" APPEARS TO BE KNITTING THE PARTY TOGETHER, THIS COHESION COULD BE TEMPORARY. BEFORE APRIL, THERE WAS NO GUARANTEE THAT THE BRUTTO FAMILY COULD HOLD THE PARTY'S DIVERSE ELEMENTS TOGETHER. POPULARITY AND SENTIMENT -- AIDED BY MRS. BRUTTO'S ISOLATION-- APPEAR TO HAVE DECIDED THE LEADERSHIP QUESTION IN FAVOR OF THE BRUTTO WOMEN, BUT NOT ALL THE RETURNS ARE IN YET. IT REMAINS TO BE SEEN HOW FIRM AND EFFECTIVE A HAND BEGUM BRUTTO, THE PPP'S ELECTED CHAIRMAN, CAN EXERT ON THE PARTY'S FRACTIOUS MACHINERY. UNTIL NOW, BENAZIR APPEARS TO HAVE EFFECTIVELY USED HER MOTHER'S PROXY TO STAKE A CLAIM TO PARTY LEADERSHIP; NONETHELESS, REPORTS PERSIST OF AN INTERNAL SPLIT BETWEEN "RADICALS" AND "MODERATES;" "LOYALIST" PARTY WORKERS; WHO CHALLENGED THE MLA AND WENT TO JAIL DURING BRUTTO'S IMPRISONMENT IS STRONG, ARE ANTAGONISTIC AGAINST THOSE WHO DID NOT, ESPECIALLY THE "OPPORTUNISTIC FEUDAL LANDLORDS", LATECOMERS TO BRUTTO'S PPP. THE LATTER HOWEVER, ARE WELL REPRESENTED ON THE CENTRAL COMMITTEE OF THE PARTY.

2  
--SECOND, THE PARTY FACES THE DILEMMA OF ACTIVATING ITS PLAN TO MOUNT AN ELECTORAL CHALLENGE WITHOUT PROVOKING THE MLA TO BAN THE PARTY, DISQUALIFY ITS LEADERS, AND POSSIBLY POSTPONE THE ELECTIONS. THE PPP HIGH COMMAND

HAS APPARENTLY DECIDED TO SET A CAREFUL TONE AS ELECTIONS  
APPROACH -- A COURSE ADVISED BY THE SO-CALLED FEUDALS  
-- AND LIE RATHER LOW UNTIL THE LIMITATIONS NOW ON OUT-  
DOOR RALLIES, ETC., ARE LIFTED -- PROBABLY IN SEPTEMBER,  
THE BHUTTO WOMEN, AND THE PARTY'S TOP BRASS, ARE NOT  
ABOUT TO FORGET THE BISMAL DAYS BEFORE BHUTTO'S EXECUTION  
WHEN THE MLA SEVERAL TIMES PARALYZED THE PARTY SIMPLY BY  
REMOVING HUNDREDS OF ITS LEADERS TEMPORARILY FROM THE  
SCENE. TO AVOID CONFRONTATION, WHILE AT THE SAME TIME  
NOT FORSAKING POPULAR APPEAL, REQUIRES A CAREFUL, BUT NOT  
IMPOSSIBLE, BALANCING ACT BY BENAZIR AND HER MOTHER IN THE  
MONTHS AHEAD; SUCH CAUTION ANTI-THETICAL TO BOTH THE  
PARTY HOTHEADS AND THE NORMALLY FLAMBOYANT BENAZIR.

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TO RUEHC/SECSTATE WASHDC 4352  
INFO RUMJGM/AMEMBASSY COLOMBO 1801  
RUMJDK/AMEMBASSY DACCA 3459  
RUSBLK/AMEMBASSY KABUL 9582  
RUMJHT/AMEMBASSY KATHMANDU 1800  
RUSBKR/AMCONSUL KARACHI 8523  
ZEN/AMCONSUL LAHORE  
RUOTC/AMEMBASSY LONDON 4193  
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C O N F I D E N T I A L SECTION 2 OF 2 ISLAMABAD 9219

CINCPAC FOR POLAD

5. THE MONTHS TO COM: AS NOVEMBER APPROACHES, KEY  
DECISIONS ON ORGANIZATION AND TACTICS WILL BE NEEDED.  
AFTER AUGUST 14, IT WILL BE IMPORTANT TO SEE WHETHER  
BEGUM BHUTTO AND BENAZIR ARE CAPABLE OF HOLDING TO-  
GETHER A PARTY OF DISPARATE IDEOLOGICAL ELEMENTS,  
ESPECIALLY IF BEGUM BHUTTO'S CHAIRMANSHIP BECOMES AN  
ISSUE. AN INCREASING TENDENCY TOWARD PETTY BATTLES  
OVER INTERNAL ORGANIZATION OR CAMPAIGN STRATEGY COULD  
WEAKEN THE PPP'S CHANCES IF BHUTTO'S OLD URBAN-RURAL-  
LANDLORD COALITION COMES UNSTUCK. OPPORTUNISM  
IN PAKISTANI POLITICS IS SUCH THAT UNLESS THE BHUTTO  
WOMEN ARE PERCEIVED TO HAVE LOST THE SUPPORT OF THE  
PEOPLE, HOWEVER, THEY WILL PROBABLY BE ABLE TO MAINTAIN THE  
PARTY'S INTEGRITY UNTIL AFTER ELECTIONS. THE LANDLORDS,  
WHOSE INTEREST IS MAINLY ON BEING ON THE WINNING SIDE,  
NEED BENAZIR AND HER MOTHER BECAUSE THEY PRESUMABLY CAN  
DELIVER THE VOTES BY ACTIVATING THE BHUTTO CONSTITUENCY.  
THE WOMEN NEED THE OLD COALITION TO KEEP THE ELECTION  
MACHINE INTACT, AT LEAST UNTIL THEY HAVE A POPULAR  
MANDATE, AND TO MAINTAIN A NECESSARY IDEOLOGICAL  
BALANCE IN THE PARTY.

6. BENAZIR AND HER MOTHER WILL ALSO HAVE TO WORK TO  
MODERATE THE IDEOLOGICALLY LEFTIST ELEMENT IN THEIR  
PARTY. IT IS NOT CLEAR TO US THAT THE PPP IS ADOPTING  
A MORE LEFTIST TONE (AS SOME HAVE SPECULATED); YET

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THE CALL FOR "COOPERATION WITH LIKE-MINDED PARTIES"  
DOES NOT SEEM TO APPLY TO THOSE ON THE PPP'S  
IDEOLOGICAL RIGHT, AND NEGOTIATIONS SO FAR HAVE BEEN  
WITH LEFTIST PARTIES.

THE "RADICALS" SUPPORT A MORE ACTIVIST CONFRONTA-  
TION WITH THE MLA AND AN ALLIANCE OF LEFTIST PARTIES SOONER  
RATHER THAN LATE; THE OPERATES ARE RESISTING THIS  
BECAUSE THEY FEAR RETALIATION BY THE GOVERNMENT AND  
ARE UNCOMFORTABLE WITH THE LEFTISTS. AN EARLY TEST  
WILL BE WHETHER BENAZIR UNDERTAKES A EARLY TOUR OF  
THE PUNJAB. PRESS REPORTS SAY THE TRIP WILL OCCUR,  
BUT CONGEN KARACHI'S CONTACTS EXPRESS DOUBT THAT  
BENAZIR WILL BE INCLINED TO GIVE THE MLA ANY EXCUSE  
TO POSTPONE THE POLLS OR PLACE HER UNDER ARREST.

7. THE ELECTIONS AND BEYOND: EVERYBODY IN PAKISTAN HAS  
AND ELECTION FORECAST; THE ONE THING ALL HAVE IN COMMON  
IS THE ASSUMPTION THAT THE PPP HAS A CLEAR SHOT AT  
WINNING A MAJORITY OF THE NATIONAL ASSEMBLY SEATS  
REGARDLESS OF A CHANGE TO PROPORTIONAL REPRESENTATION  
OR NOT. IF THEY WIN, AND SHE IS NOT DISQUALIFIED OR  
OTHERWISE REMOVED FROM THE PARTY CHAIRMANSHIP,  
THEM BEGUM BHUTTO COULD BE THE NEW PRIMIN. IF BEGUM  
BHUTTO IS DISQUALIFIED AND BENAZIR MOVES TO THE FORE,  
HER AGE DOES NOT STAND IN THE WAY OF HER BECOMING  
PRIMIN, ALTHOUGH HER YOUTH AND HER INEXPERIENCE MIGHT  
HURT HER CHANCES.

8. BEYOND WHO BECOMES PRIMIN IN THE EVENT OF A PPP  
VICTORY, OTHER IMPOUNDERABLES ALSO LIE AHEAD. A SOURCE  
CLOSE TO BENAZIR HAS TOLD CONGEN KARACHI THAT THE PPP  
WILL NOT BE A PARTY OF REVENGE -- AS BENAZIR TOLD NEWSWEEK:  
"THE GENERALS AS A GROUP HAVE NOTHING TO FEAR. THEIR  
NAMES WERE NOT ON MY FATHER'S DEATH WARRANT." THIS SLIM  
OLIVE BRANCH MAY BE THE SIGN OF A POSSIBLE DIALOGUE  
WITH THE ARMY TO ENSURE A PEACEFUL TRANSFER OF POWER.  
THE PPP WILL ABSOLUTELY NOT TALK TO ZIA, SO SOME OTHER  
ACCOMMODATION WILL BE NECESSARY. (WE NOTE THE INTEREST-  
ING FACT THAT RETIRED GEN TIKKA KHAN, A PROMINENT PPP-ER,  
ONCE DIRECTLY COMMANDED SUCH MLA NOTABLES AS GENs.  
CHISHTI AND JILANI.)

9. A POTENTIALLY MORE SERIOUS LONG TERM PROBLEM IS  
THE ABILITY OF THE PPP TO GOVERN A NATION FACING THE  
ECONOMIC, SOCIAL, AND POLITICAL DIFFICULTIES THAT  
PAKISTAN EXHIBITS. EXPECTATIONS WILL BE RUNNING HIGH;  
THESE WILL BE DIFFICULT IF NOT IMPOSSIBLE TO FULFILL.  
THE TUGH CHOICES THAT WILL BE NEEDED TO HANDLE THE  
ECONOMIC CRISIS WILL REQUIRE HARD-HEADED LEADER-

AND COULD EXACERBATE THE PARTY'S IDEOLOGICAL DIVISIONS.  
MANY OBSERVERS BELIEVE THAT THE PPP AS IT IS TODAY  
CANNOT LAST MUCH BEYOND THE ELECTIONS. SUCH REMARKS  
ARE PREMATURE-- IT SEEMS OBVIOUS THAT THE PPP'S PARAMOUNT  
OBJECTIVE IS TO GET INTO POWER; THE QUESTIONS OF HOW  
AND IF IT CAN HOLD WILL WAIT UNTIL AFTER THE ELECTIONS.  
I WOULD BET, HOWEVER, THAT THE PPP HAS PAKISTAN'S  
CHANCE OF BEING IN A POSITION TO ASK THAT  
QUESTION.

10. PAGES A THROUGH 3 REPRESENT IMPORTANT CONTRIBUTIONS  
TO THIS REPORT FROM OUR CONSULATES IN LAHORE AND  
KARACHI. HUMMEL

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NNNNVV ESA6180JC963

OO RUOMHR

DE RUSBQD #9251/1 2262815

ZNY CCCCC ZZH

O R 140745Z AUG 79

FM AMEMBASSY ISLAMABAD

TO RUEHC/SECSTATE WASHDC IMMEDIATE 4366

RUMJEN/AMEMBASSY COLOMBO IMMEDIATE 1824

INFO RUHQHQA/CINCPAC HONOLULU HI

RUQRCN/AMEMBASSY ANKARA 4164

RUMJPS/AMEMBASSY BEIJING 602

RUMJDK/AMEMBASSY Dacca 3461

RUCORA/AMEMBASSY JIDDA 840

RUSLAK/AMEMBASSY KADUL 9566

RUMJHT/AMEMBASSY KATHMANDU 1803

RUSJRI/AMCONSUL KARACHI 8526

ZEN/AMCONSUL LAHORE

RUDIC/AMEMBASSY LONDON 4195

RUEHND/AMEMBASSY MOSCOW 1453

RUSJAE/AMEMBASSY NEW DELHI 1227

ZEN/AMCONSUL PECHAWAR

RUSNAAA/USCINCPAC VAIHINGEN GE

RUOMHL/AMEMBASSY TEHRAN 5383

BT

C O N F I D E N T I A L SECTION 1 OF 2 ISLAMABAD 9251

MILITARY ADDRESSEES FOR POLADS; COLOMBO PLEASE PASS  
EILAND FOR CODEL WOLFF

E.O. 12065; GDS 14AUG85 (HAGERTY, H.G.) OR-P

TAGS: PEPR PINT MPOL PINS PK US MNUC

SUBJ: REACTION WORSENS TO NEW YORK TIMES ARTICLE ON  
NUCLEAR ISSUE

1. (C) ENTIRE TEXT.

2. NATIONAL INDEPENDENCE DAYS ARE NATURAL OCCASIONS FOR  
STRONG, NATIONALISTIC RHETORIC, AND THE RICHARD BURT  
NEW YORK TIMES ARTICLE ON THE NUCLEAR PROBLEM, WITH ITS  
EMPHASIS HERE ON THE THREAT OF UNILATERAL US MILI-  
TARY ACTION AGAINST PAKISTAN'S ENRICHMENT FACILITIES  
IS PROVIDING A TIMELY, AND UNIFYING, THEME TO THIS  
THIRTY-SECOND ANNIVERSARY OF PAKISTAN'S INDEPENDENCE.

3. OFFICIAL PAKISTAN TIMES FEATURES DEPARTMENT  
SPOKESMAN'S BRIEF DENIAL THAT ANY "COVERT ACTION"  
IS BEING PLANNED IN SMALL FRONT-PAGE BOX. REST OF  
PAPER, HOWEVER, IS FULL OF HARSH WORDS BY PAKISTANIS  
PROMINENT IN PUBLIC LIFE ON THE "THREAT" IN THE NYT  
ARTICLE. THE RALLYING POINT IS THE NEED TO STAND UP  
TO SUCH FOREIGN PRESSURES, EVEN IF THEY COME FROM  
SUPER POWERS. FEW PUBLIC FIGURES APPEAR ABLE TO RE-  
SIST USING THE OCCASION ALSO TO DREDGE UP THE PAST  
RECORD TO US "PERFIDY" WITH REGARD TO PAKISTAN, GOING  
BACK TO 1962/3, 1965, AND 1971 -- ALL "VINTAGE  
YEARS" IN THE STANDARD PAKISTAN CHRONICLE OF US "FAIL-  
URES" TO LIVE UP TO THE OBLIGATIONS OF FRIENDSHIP AND  
ALLIANCE.

4. RUNNING THROUGH SOME OF THE COMMENTS IS ANXIETY  
THAT THERE IS A RELATIONSHIP BETWEEN THE "THREAT" IN THE  
BURT ARTICLE AND THE FLOOD OF REPORTS OUT OF WASHING-  
TON ABOUT USG CONSIDERATION OF AN ENHANCED MILITARY  
PRESENCE IN THIS PART OF THE WORLD AND A LARGE, MOBILE  
STRIKE FORCE CAPABLE OF BEING DEPLOYED QUICKLY TO THIS  
REGION. ALSO RUNNING THROUGH THE INNUENDO ARE  
SUBTLE EFFORT TO LINK ANEW THE BURT "THREAT"  
AND THE EARLIER REPORTS OF A USG-BENAZIR BHUTTO DEAL  
ON NUCLEAR MATTERS, THUS KEEPING ALIVE THAT CAN-  
ARD AND THE EFFORT TO TIE THE PAKISTAN PEOPLE'S  
PARTY WITH RESPONSIBILITY FOR PRESENT US PRESSURES.

5. (ISLAMABAD 9210) A SAMPLING OF REACTIONS REPORTED IN THE 14  
AUGUST PRESS IS AS FOLLOWS:

-- IN RESPONSE TO A QUESTION FROM NEWSMEN ABOUT  
THE NYT ARTICLE, DEFENSE MINISTER TALPUR REAFFIRMED  
THAT PAKISTAN WILL NOT SUCCEDE TO EXTERNAL PRESSURES  
WITH REGARD TO ITS NUCLEAR PROGRAM AND IS FULLY PREPAR-  
ED TO SAFEGUARD ITS VITAL INTERESTS.

--WARNING THE US ON THE "SERIOUS CONSEQUENCES  
OF ANY SUCH FOOLISH ACTION," MDP PRESIDENT SHERBAZ  
MAZARI SAID THE "DAYS OF GUNBOAT DIPLOMACY ARE OVER."  
MAZARI REFERRED TO THE "SHOCK" HE HAD EXPERIENCED IN  
READING THE ACCOUNT, ALLUDED DARKLY TO US FAILURES  
IN THE BAY OF PIGS, ETC., AND SUGGESTED THE US  
ACTIONS IN THIS ARE AIMED AT CURRYING FAVOR WITH  
THE "JEWISH LOBBY."

--TEHRAN LEADER (AND FORMER RAD) MAZAFFAR  
HASSAN DESCRIBED THE "REPORTED MOVE AS SAD AND RE-  
PREMISE SIBLE.. (LEADING TO) ALWLESSNES AND INTERNATIONAL  
PIRACY."

BT

#9251

NNNNVV ESB021MJC79E  
PP RUQMR  
DE RUSBQD #9289 2270820  
ZNY CCCCC ZZH  
P R 150715Z AUG 79

CN 611

FM AMEMBASSY ISLAMABAD  
TO RUEHC/SECSTATE WASHDC PRIORITY 4378  
INFO RUMJGM/AMEMBASSY COLOMBO 1828  
RUMJDK/AMEMBASSY DACCA 3465  
RUSBLK/AMEMBASSY KABUL 9569  
RUMJHT/AMEMBASSY KATHMANDU 1826  
RUSBR/AMCONSUL KARACHI 8531  
ZEN/AMCONSUL LAHORE  
RUDFC/AMEMBASSY LONDON 4197  
RUSBAE/AMEMBASSY NEW DELHI 1233  
ZEN/AMCONSUL PESHAWAR  
RUQMR/AMEMBASSY TEHRAN 5385  
RUEHGL/AMEMBASSY PONN 629  
RUEHQA/CINCPAC HONOLULU HI

POL  
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BT  
C O N F I D E N T I A L ISLAMABAD 9289

PACOM FOR POLAD

E.O. 12065: GDS 2/19/85(CDWELCH) OR-P  
TAGS: PINT, PK  
SUBJ: (U) NEGATIVE REACTIONS TO PRESIDENT ZIA'S PROPORTIONAL  
REPRESENTATION PROPOSAL ARE ROLLING IN

REF: (A) ISLAMABAD 8339 (B) ISLAMABAD 8607  
(C) ISLAMABAD 8925 (NOTAL)

1. (C) SUMMARY: AS PRESIDENT ZIA UL-HAQ'S DEADLINE FOR  
RESPONSES TO HIS PROPOSAL FOR ELECTIONS BY PROPORTIONAL  
REPRESENTATION PASSED ON AUGUST 14 (REF A), ALMOST  
EVERY PAKISTAN POLITICAL PARTY OF ANY CONSEQUENCE HAD  
COME OUT AGAINST THE IDEA. DESPITE AN EFFORT BY THE  
MARTIAL LAW ADMINISTRATION TO REASSURE THE BODY POLITIC  
THAT PROPORTIONAL REPRESENTATION WILL NOT DELAY  
ELECTIONS OR REQUIRE A CONSTITUTIONAL AMENDMENT,  
PRESIDENT ZIA'S PROPOSAL IS BEING REJECTED MAINLY  
ON THOSE GROUNDS, NOT FOR THE SUBSTANCE OF THE  
IDEA. END SUMMARY.

2. AS EXPECTED, PRESIDENT ZIA UL-HAQ'S PROPOSAL  
TO HOLD PAKISTAN'S UPCOMING ELECTIONS UNDER A MODIFIED  
GEN-  
-SYLE SYSTEM OF PROPORTIONAL REPRESENTATION HAS  
PRODUCED CONSIDERABLE CONTROVERSY. ONLY ONE OF  
PAKISTAN'S "BIG NAME" POLITICAL PARTIES, THE JAMAAT-I-

ISLAMI(JI), GAVE THE PRESIDENT'S IDEA ANY SUPPORT,  
AND EVEN THIS BACKING HAS BEEN TRUMPED BY THE DECISION  
OF THE PAKISTAN NATIONAL ALLIANCE (PNA), OF WHICH THE  
JI IS A MEMBER, TO REJECT THE PROPOSAL.

3. (U) THE PARTIES THAT HAVE DECLARED THEIR OPPOSITION  
INCLUDE THE PNA, THE UMBRELLA ALLIANCE ORIGINALLY  
FORMED TO OPPOSE EX-PRIMIN BHUTTO; SHERBAZ MAZARI'S  
NATIONAL DEMOCRATIC PARTY (NDP); MIR GHAS BIZENJO'S  
SPLINTER PAKISTAN NATIONAL PARTY (PNP); THE PAKISTAN  
DEMOCRATIC PARTY; ASGHAR KHAN'S TEHRIM-I-ISHTIQLAL (TI);  
AND, NOT UNEXPECTEDLY, EX-PRIMIN BHUTTO'S PAKISTAN  
PEOPLES PARTY, WHICH HAS DECIDED ALSO NOT TO RESPOND  
FORMALLY TO ZIA'S WRITTEN REQUEST FOR COMMENT.

4. (C) COMMENT: OPPOSITION TO PRESIDENT ZIA'S  
PROPORTIONAL REPRESENTATION IDEA COVERS PAKISTAN'S  
POLITICAL SPECTRUM AND INCLUDES LEFTIST AND  
CONSERVATIVE, AS WELL AS NATIONAL AND REGIONAL  
PARTIES. VERY LITTLE CREDIBILITY IS GIVEN TO THE  
GOVERNMENT'S EFFORT TO RAISE PUBLIC SUPPORT (REFB).  
BY AFFIRMING THAT THE PROPOSAL WILL NOT DELAY  
ELECTIONS, THAT THE CONSTITUTION NEED NOT BE AMENDED,  
AND THAT THE NECESSARY CONSTITUENCY DELIMITATION  
CHANGES CAN BE EXPEDITIOUSLY PERFORMED.

5. (C) MOST PARTIES APPEAR TO HAVE BASED THEIR OPPOSITION  
NOT ON THE MERITS OF THE PROPOSAL -- OR EVEN ITS  
POTENTIAL IMPACT ON THEIR FORTUNES -- BUT RATHER ON  
THE CONCERN THAT ITS IMPLEMENTATION, AT THIS LATE  
DATE, WOULD DELAY ELECTIONS. SECONDARILY, THERE IS  
CONCERN REGARDING FURTHER MARTIAL LAW EROSION OF THE  
1973 CONSTITUTION. PRESS COMMENTARY, ALTHOUGH GENERALLY  
THOUGHTFUL IN ITS ANALYSIS OF THE ROLE PROPORTIONAL  
REPRESENTATION COULD PLAY IN THE PAKISTANI POLITICAL  
SYSTEM, HAS ALSO QUESTIONED ITS IMPACT ON THE ELECTION  
SCHEDULE AND ITS CONSTITUTIONALITY. PRESIDENT ZIA  
THUS FACES STIFF ROADBLOCKS TO HIS PROPOSAL AND  
CONFRONTS, ONCE AGAIN, A WARY AND SUSPICIOUS BODY  
POLITIC. IN THE MEANTIME, ELECTION PREPARATIONS  
PROCEED (REF C), THE LID ON POLITICAL ACTIVITIES MAY  
BE PARTIALLY LIFTED SOON, AND THE SCHEDULE ELECTIONS  
ARE ONLY A LITTLE OVER THREE MONTHS AWAY. END COMMENT

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DE RUSBQD #9479 2321230

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O 201132Z AUG 79

FM AMEMBASSY ISLAMABAD

TO RUEHC/SECSTATE WASHDC IMMEDIATE 4472

INFO RUHQHQA/CINCPAC HONOLULU HI

RUWAGU/AMEMBASSY ANKARA 4171

RUMJPG/AMEMBASSY BEIJING 610

RUMJGM/AMEMBASSY COLOMBO 1822

RURDOK/AMEMBASSY DACCA #476

RURHRA/AMEMBASSY JIDDA 849

RUSBLK/AMEMBASSY KABUL 9593

RUMJHT/AMEMBASSY KATMANDU 1818

RUSEKR/AMCONSUL KARACHI 8569

RUSQDD/AMCONSUL LAHORE 6567

RUDIC/AMEMBASSY LONDON 4213

RURHMO/AMEMBASSY MOSCOW 1471

RUSBAE/AMEMBASSY NEW DELHI 1274

ZEN/AMCONSUL PESHAWAR

RURHHR/AMEMBASSY TEHRAN 5397

BT

SECRET ISLAMABAD 9479

CINCPAC FOR POLAD

E.O. 12065: GDS 3/20/35 (HAGERTY, H.G.) OR-M

TAB: PINT, PK

SUBJECT: ZIA UL-HAQ NAMES LGEN IQBAL ACTING PRESIDENT DURING ABSENCE

REF: ISLAMABAD 9403

1. (S-ENTIRE TEXT)

2. IN A MOVE WHICH CAUGHT MOST OBSERVERS BY SURPRISE, PRESIDENT ZIA UL-HAQ DESIGNATED HIS DEPUTY CHIEF OF ARMY STAFF, LGEN MOHAMMAD IQBAL, TO SERVE AS ACTING PRESIDENT OF PAKISTAN DURING ZIA'S BRIEF ABSENCE IN SAUDI ARABIA AUGUST 19-21.

3. THE MOVE WAS NECESSITATED BY THE APPARENT INABILITY OF THE CHIEF JUSTICE OF PAKISTAN, WHO IS THE CONSTITUTIONALLY DESIGNATED STAND-IN, TO RETURN TO PAKISTAN FROM BRITAIN, WHERE HIS WIFE IS REPORTEDLY UNDERGOING TREATMENT FOR CANCER. SINCE THE SUPREME COURT JUSTICE NEXT IN RANK IS A NON-MUSLIM, AND THEREFORE CONSTITUTIONALLY DEBARRED FROM SERVING AS PRESIDENT, ZIA ARRANGED A QUICK AMENDMENT OF THE CONSTITUTION, BY ORDINANCE, TO PERMIT HIM TO DESIGNATE A STAND-IN. THE ORDINANCE AMENDS A 1978 AMENDMENT BY WHICH ZIA, AS CHIEF MARTIAL LAW ADMINISTRATOR WAS EMPOWERED TO NAME HIMSELF OR ANOTHER TO BE PRESIDENT WHEN THE THEN-PRESIDENT CHOUDHRY RESIGNED.

CN 332

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CHG  
CHRON  
ECON  
RF

THE DECISION TO NAME IQBAL AS ACTING PRESIDENT HAS TONGUES WAGGING ANEW WITH SPECULATION OF POSSIBLY PERMANENT CHANGES AT THE TOP; IQBAL IS ONE OF TWO THREE SENIOR GENERALS, ALL ASSOCIATED WITH ZIA'S FATHER OF SULFIKAR ALI BHUTTO ON JULY 1977, WHO HAVE BEEN MENTIONED REGULARLY AS POSSIBLE SUCCESSORS TO ZIA SHOULD ARMY LEADERSHIP DECIDE THE PRESIDENT SHOULD STEP

THERE HAS, MOKEOVER, BEEN A SPATE OF RUMORS RECENTLY ABOUT THE POSSIBLE APPOINTMENT OF A SO-CALLED "NATIONAL GOVERNMENT", HEADED BY A SENIOR MILITARY OFFICER OTHER THAN IQBAL AND COMMISSIONED TO ACT AS CARETAKER THROUGH THE PERIOD OF ELECTIONS. THESE RUMORS HAVE BEEN MATCHED BY OTHERS WHICH HAVE SPECULATED WILDLY THAT ZIA IS THINKING OF ABANDONING THE COUNTRY, TURNING OVER TO HIS COLLEAGUES IN THE MILITARY THE NEAR-IMPOSSIBLE CHORE OF TURNING OVER THE COUNTRY TO CIVILIAN LEADERSHIP; NEWSMEN EVEN CITE REPORTS -- UNCONFIRMED, OF COURSE -- THAT ZIA HAS ALREADY BOUGHT PROPERTY IN PALM SPRING CALIFORNIA TO WHICH HE AND HIS FAMILY WILL MOVE EITHER BEFORE OR AFTER ELECTIONS.

THERE IS NO SHORTAGE OF SUCH SPECULATIONS ABOUT PAKISTANI LEADERS ALONG THESE LINES ANY TIME, BUT AT THE PRESENT TIME -- WITH ZIA'S WIFE AND DAUGHTERS ALREADY IN THE U.S. -- THE IQBAL APPOINTMENT MAKES SUCH RUMORS EVEN MORE CREDIBLE TO MANY.

ON THE OTHER HAND, WE FIND THE OFFICIAL EXPLANATION (AND WHAT WE HAVE LEARNED FROM OUR OWN SOURCES) MORE THAN SATISFACTORY TO EXPLAIN THE DECISION TO NAME IQBAL ACTING PRESIDENT AND, WE ASSUME, ACTING CHIEF MARTIAL LAW ADMINISTRATOR (CMLA). ON PREVIOUS OCCASIONS WHEN ZIA HAS TRAVELLED ABROAD, HE HAS LEFT THE CHIEF JUSTICE AS ACTING PRESIDENT WHILE DESIGNATING THE NEXT SENIOR-MOST MEMBER OF THE MILITARY COUNCIL AS CMLA. AS DEPUTY CHIEF OF ARMY STAFF, IQBAL OUT-RANKS THE OTHER SERVICE CHIEFS AND IS THE SECOND-MOST SENIOR MILITARY OFFICER IN THE COUNTRY, AND WOULD BE THE LOGICAL CHOICE TO STAND IN AS PRESIDENT/CMLA, GIVEN THE CHIEF JUSTICE'S CONTINUING ABSENCE.

WE ASSUME THAT ZIA'S VISIT TO SAUDI ARABIA IS SHORT AND COULD NOT BE PUT OFF. IN ADDITION TO VISITING MEERCA, HE IS PRESUMABLY LOOKING FOR SAUDI MONEY TO HELP BAILE PAKISTAN OUT OF ITS PRESENT ECONOMIC CRISIS; THE \$200 MILLION THE SAUDIS ALLEGEDLY PROMISED TO FUND THE ZAKAT FUND HAS YET TO TURN UP. AND HE BEEN ABLE TO DELAY, WE BELIEVE HE WOULD HAVE DONE SO, RATHER THAN TURN OVER ALL THE REINS, EVEN FOR THIS BRIEF INTERVAL, TO SOMEONE SO EMINENTLY QUALIFIED TO HOLD THEM IN HIS OWN RIGHT. HE WILL HAVE TO FACE A NEW DECISION IN THIS REGARD WHEN HE DEPARTS FOR HAVANA IN 10 DAYS.

WE DETECT NO OTHER SIGNS THAT ANYTHING MORE THAN A TEMPORARY ABSENCE/STAND-IN IS AFOOT.

HUMMEL

NNNNVV ESA707MJC993  
RR RUQMHR  
DE RUSBQD #9509 2330945  
ZNY CCCCC ZZH  
R.210930Z AUG 79  
FM AMEMBASSY ISLAMABAD  
TO RUEHC/SECSTATE WASHDC 4484  
INFO RUHQHQA/CINCPAC HONOLULU HI  
RUQMGU/AMEMBASSY ANKARA 4172  
RUMJPG/AMEMBASSY BEIJING 612  
RUMJGM/AMEMBASSY COLOMBO 1823  
RUMJDK/AMEMBASSY Dacca 3477  
RUQMRA/AMEMBASSY JIDDA 851  
RUSBLK/AMEMBASSY KABUL 9596  
RUSBKR/AMCONSUL KARACHI 8574  
ZEN/AMCONSUL LAHORE  
ZEN/AMCONSUL PESHAWAR  
RUDTC/AMEMBASSY LONDON 4214  
RUEHMO/AMEMBASSY MOSCOW 1473  
RUSBAE/AMEMBASSY NEW DELHI 1276  
RUQMHR/AMEMBASSY TEHRAN 5398  
BT

C O N F I D E N T I A L ISLAMABAD 9509

E.O. 12065: GDS 8/21/85 (CDAVID WELCH) OR-P  
TAGS: PINT, PK, MNUC, SHUM, PEPR, US  
SUBJ: (U) PRESS PUBLISHES BENAZIR BHUTTO'S "NUCLEAR DEAL"  
LETTER

REFS(A) ISLAMABAD 9161(B) ISLAMABAD 9316

1.(U) PAKISTAN PRESS INTERNATIONAL (PPI) RELEASED ON AUGUST 20 A PHOTOSTAT COPY (POUCHED NEA/PAB), OF WHAT IT ALLEGES TO BE THE BENAZIR BHUTTO LETTER DATED MARCH 26, 1978, TO HER BROTHER OFFERING TO TRADE PAKISTAN'S NUCLEAR PATRIMONY FOR U.S. SUPPORT FOR THE CLEMENCY OF THEIR FATHER (REF A). A PORTION OF THE LETTER IS REPRODUCED ON THE FRONT PAGE OF THE CONTROLLED "PAKISTAN TIMES" OF AUGUST 20. BENAZIR'S MOTHER, BEGUM NUSRAT BHUTTO HAD PREVIOUSLY DENIED THE LETTERS EXISTENCE AND DARED PPI TO PUBLISH THE ORIGINAL (REF B).

2.(U) THE INFAMOUS MISSIVE IS A RATHER ML AWY OGLONG, RAMBLING EXHORTATION TO MURTAZA BHUTTO CALLING ON HIM TO BEGIN TO ORCHESTRATE A PUBLIC RELATIONS AND DIPLOMATIC CAMPAIGN TO GAIN CLEMENCY FOR EX-PRIMIN ZULFIKAR ALI BHUTTO, POIGNANT IN PARTS, THE LETTER REVEALS BENAZIR'S FEAR THAT THE SUPREME COURT JUDGEMENT WOULD BE A RUBBER STAMP APPROVAL OF THE GOVERNMENT'S DECISION TO EXECUTE BHUTTO. BECAUSE HER CONFIDENCE IN THE JUDICIARY WAS SO LIMITED, BENAZIR WROTE THAT INTERNATIONAL PRESSURE, AND ESPECIALLY U.S. PRESSURE, ON PRESIDENT ZIA WOULD BE THE ONLY POSSIBLE COURSE AVAILABLE TO SAVE BHUTTO'S LIFE.

1.(U) BURIED IN THIS LONG MESSAGE ARE THE SECTIONS OF THE LETTER QUOTED EARLIER (REF A). BY THE GOVERNMENT-CONTROLLED PRESS TO SUBSTANTIATE THEIR VIEW THAT BENAZIR MADE A DEAL WITH THE U.S. THE SO-CALLED "KEY" LINES ARE ONLY FOUR OR FIVE BRIEF SENTENCES IN A TWELVE PAGE LETTER.

1.(C) COMMENT: THERE IS NO MENTION OF THE NUCLEAR ISSUE ANYWHERE IN THE BENAZIR LETTER; THERE IS, HOWEVER, MENTION OF THE BHUTTO "POLICY WHEN HE WAS FOREIGN MINISTER"... WHICH " WAS NOT DIRECTED AGAINST AMERICA BUT THE AMERICANS WERE CONVINCED THAT IT WAS." BHUTTO, OF COURSE, BECAME PRIME MINISTER IN 1971, WELL BEFORE THE NUCLEAR PROBLEM REALLY BEGAN TO REAR ITS HEAD. OUR READING OF THESE REMARKS IS THAT IN THEIR CONTEXT THEM IMPLY THAT THE PPP WOULD, IF ANYTHING, TRADE ITS RHETORIC FOR U.S. SUPPORT ON THE BASIS OF WHAT HAS BEEN PUBLISHED IT IS A LEAP OF FAITH TO SUGGEST THAT ANYTHING ELSE, LET ALONE PAKISTAN'S NUCLEAR PROGRAM, WAS "OFFERED".

2. THE GOVERNMENT MAY HAVE SCORED A MINOR PROPAGANDA POINT, HOWEVER, BECAUSE BEGUM BHUTTO DID DENY THE EXISTENCE OF THE LETTER AND OF ANY DEAL WITH THE U.S. WE CANNOT VOUCH THAT THE PPI COPY IS AUTHENTIC, BUT IT READS LIKE THE REAL THING AND THE HANDWRITING SHOULD BE IDENTIFIABLE. THE BHUTTO WOMEN MAY THEREFORE, HAVE BEEN TRAPPED A LIE WHICH COULD BE FURTHER EXPLOITED BY THE GOVERNMENT IN ITS CONTINUING ANTI-PPP PROPAGANDA CAMPAIGN.

HUMMEL

BT  
#9509

NNNNVV ESA663MJC871  
PP RUMHR  
DE RUSBD #9547 2331200  
ZNY CCCCC ZZH  
P R 211120Z AUG 79  
FM AMEMBASSY ISLAMABAD  
TO RUEHC/SECSTATE WASHDC PRIORITY 4487  
INFO RUSBLK/AMEMBASSY KABUL 9597  
RUEBKR/AMCONSUL KARACHI 8576  
ZEN/AMCONSUL LAHORE  
ZEN/AMCONSUL PESHAWAR  
RUCCAE/AMEMBASSY NEW DELHI 1278  
RUCOMR/AMEMBASSY TEHRAN 5399  
RUEGKW/AMEMBASSY KUWAIT 229  
RUEHAD/USINT BAGHDAD 40  
BT  
C O N F I D E N T I A L ISLAMABAD 9547

E.O. 12065: GDS 8/20/85 (C. DAVID WELCH) OR-P  
TAGS: PINT, PK, IR, OTRA (GRUMMON, STEPHEN R.)  
SUBJ: (U) ORIENTATION/CONSULTATION TRAVEL FOR STEPHEN R. GRUMMON

REFS: (A) STATE 206124 (B) GRIFFIN-HAGERTY LETTER 18 JULY  
(C) KARACHI 4768(NOTAL) (D) ISLAMABAD 8722

1. (C) ENTIRE TEXT.

2. WE WELCOME STEVE GRUMMON'S VISIT TO PAKISTAN AND SHOULD, INSHALLAH, BE ABLE TO PROVIDE A PROGRAM THAT MEETS THE INTERESTS MENTIONED IN GEORGE GRIFFIN'S LETTER OF JULY 18 TO POLCOUNS HAGERTY. CONTROL OFFICER FOR GRUMMON VISIT WILL BE FSO DAVE WELCH.

3. EMBASSY WILL MEET AND ASSIST GRUMMON IN RAWALPINDI ACCOMMODATIONS ARE RESERVED AT EMBASSY COMPOUND TRANSIENT APARTMENTS. WE HOPE GRUMMON WILL BE FREE TO ACCEPT INVITATION RECEPTION EVEING OF SEPTEMBER 4 AT HAGERTY RESIDENCE; THIS WILL AFFORD OPPORTUNITY TO MEET A WIDE VARIETY OF THE ISLAMABAD/RAWALPINDI DIPLOMATIC, GOVERNMENT, AND POLITICAL COMMUNITY. IF HE IS IN TOWN, AGHA MURTAZA POOYA, PROPRIETOR OF THE MUSLIM, WILL PROBABLY BE FREE TO SEE GRUMMON. WE ARE ARRANGING OTHER LOCAL CALLS AND APPOINTMENTS AT THE MINISTRY OF FOREIGN AFFAIRS.

CN 887

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CHG  
CHRON  
ECON  
RF

4. CONGEN LAHORE IS ARRANGING APPOINTMENTS WITH LOUIS DUMBE, SHIA LEADERS, AND OTHERS FOR SEPTEMBER 6. ALTHOUGH CONSUL GENERAL FULLER, DPO EISENBRAUN, AND POL ADVISER WILL BE AWAY DURING THIS TIME, EISENBRAUN WILL RETURN LATE ON THE 6TH AND WILL BE ABLE TO MEET NEXT MORNING WITH GRUMMON. CONGEN DRIVER WILL MEET AND ASSIST; HE WILL ALSO BE BRIEFED ON GRUMMON'S LAHORE SCHEDULE. HOTEL RESERVATIONS ARE BEING MADE.

5. ALTHOUGH CONSUL ARCHARD WILL NOT BE IN PESHAWAR SEPTEMBER 7-9, WE ANTICIPATE THAT BRUCE FLATIN, A/DCM KABUL, WILL BE TRANSITING PESHAWAR AND STAYING AT THE ARCHARD RESIDENCE ON THE 8TH ARCHARD HOPES THAT GRUMMON WILL STAY AT THE RESIDENCE. DISCUSSION THERE WITH FLATIN WILL BE POSSIBLE, PRESUMING SCHEDULES DO NOT SLIP. CONSULATE POL ADVISER IS ARRANGING LOCAL CALLS. CONSULATE WILL MEET GRUMMON AT THE AIRPORT.

6. CONGEN KARACHI HAS SCHEDULED APPOINTMENTS FOR GRUMMON WITH THE CONSUL GENERAL AT 0900 HOURS, MR. R.A. AKHUND, ADDITIONAL CHIEF SECRETARY, PLANNING AND DEVELOPMENT, SIND, AT 1000 HOURS, AND WITH MR. M. G.M. AKHTAR, CHAIRMAN PAKISTAN INDUSTRIAL DEVELOPMENT CORP., AT 1200 HOURS, MONDAY, SEPTEMBER 10. 5. ADDITION, THEY ARE SEEKING APPOINTMENTS WITH MR. MUNAWAR ALI KHAN, MEMBER, SIND PROVINCIAL ELECTION COMMITTEE, ALLAMA TALIB JAURBI AND PROMINENT BALUCHI POLITICAL LEADERS, INCLUDING BIZENJO, NAZARI AND MENGAL, IF THEY ARE IN TOWN. DPO BRIMS WILL ACCOMPANY GRUMMON. BRIMS ALSO INVITES GRUMMON TO STAY AT HIS HOME. GRUMMON WILL BE MET AT THE AIRPORT.

7. DETAILED SCHEDULES WILL BE PROVIDED ON ARRIVAL.

HUMMEL

BT  
#9547

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NNNNVV ESA05 7MJC862  
RR RUQMHR  
DE RUSBQD #9605 2341300  
ZNY CCCCC ZZH  
R 221147Z AUG 79  
FM AMEMBASSY ISLAMABAD  
TO RUEHC/SECSTATE WASHDC 4525  
INFO RUMJPG/AMEMBASSY BEIJING 616  
RUDKRB/AMEMBASSY BELGRADE 121  
RUMJGM/AMEMBASSY COLOMBO 1825  
RUMJDK/AMEMBASSY DACCA 3478  
RUQMRA/AMEMBASSY JIDDA 855  
RUSBLK/AMEMBASSY KABUL 9568  
RUSBKR/AMCONSUL KARACHI 8586  
ZEN/AMCONSUL LAHORE  
RUDTC:AMEMBASSY LONDON 4218  
RUEHMO/AMEMBASSY MOSCOW 1480  
RUSBAE/AMEMBASSY NEW DELHI 1289  
ZEN/AMCONSUL PESHAWAR  
RUQMHR/AMEMBASSY TEHRAN 5405  
RUEHTV/AMEMBASSY TEL AVIV 307  
RUHQHQ/CINCPAC HONOLULU HI  
RUEHUB/USINT HAVANA 13  
RUEHDT/USUN NEW YORK 1825  
VBT  
C O N F I D E N T I A L ISLAMABAD 9605

E.O. 12065: GDS 08/22/85 (HUMMEL, A.W.) OR-M  
TAGS: PORG, PK  
SUBJECT: (U) HAVANA NAM SUMMIT - ZIONISM AS RACISM ISSUE

REF: (A) STATE 220059, (B) ISLAMABAD 8682

1. (C) ENTIRE TEXT.

2. IN AUGUST 22 MEETING WITH GOP FOREIGN SECRETARY SHAHNAWAZ I RAISED ISSUE OF ZIONISM-RACISM AS REPRESENTED IN CUBAN DRAFT COMMUNIQUE. I MADE POINTS OUTLINED IN REFTEL AND EXPLAINED THIS CONCERN SUPPLEMENTS OUR PREVIOUS DISCUSSIONS WITH ADDITIONAL SECRETARY SAQIB ON CUBAN DRAFT (REFTEL B).

3. SHAHNAWAZ RESPONDED WITH GENERAL STATEMENT THAT GOP DELEGATION HAS STUDIED CUBAN DRAFT CAREFULLY AND IS WELL AWARE OF ITS FAULTS IN MANY AREAS. "WE WILL DO WHAT WE CAN", HE SAID, "WHEN THE COMMUNIQUE COMES UP FOR DEBATE." HE REMARKED THAT THE Z-R ISSUE IS ONE OF PARTICULAR SENSITIVITY TO PAKISTAN AS ITS POLICY AT HAVANA MUST NOT CONTRADICT PREVIOUS POSITIONS TAKEN IN ISLAMIC CONFERENCE MEETINGS. HE DID NOT GET MORE SPECIFIC.

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I EXPRESSED BY DISAPPOINTMENT THAT THE YUGOSLAV AMBASSADOR IS NOT PRESENTLY IN COUNTRY AS HE WOULD PROBABLY HAVE MUCH TO OFFER ON NAM IN GENERAL, AND ON CUBAN DRAFT IN PARTICULAR. SHAHNAWAZ AGREED HEARTILY WITH MY DISAPPOINTMENT, BUT SAID THAT YUGO CHARGE HAD BEEN CHANNEL FOR MY VIEWS.

NEW SUBJECT: ZIA'S NAM TRAVEL PLANS:  
OUR LATEST INFO FROM MFA IS THAT PRESIDENT ZIA UL-HAQ WILL ARRIVE IN NEW YORK ON SEPTEMBER 1 AT 1630 ON SPECIAL AIRCRAFT. HE WILL RON NEW YORK (PROBABLY WILL BE JOINED BY WIFE AND CHILDREN FROM WASHINGTON), THEN DEPART SEPTEMBER 2 AT 1000 HOURS FOR DIRECT FLIGHT TO HAVANA, WITHOUT FAMILY. HIS POST-HAVANA PLANS ARE NOT YET CLEAR.

HUMMEL

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BUREAU OF  
INTELLIGENCE  
AND RESEARCH

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1979 SEP 26 AM 11:00

(U) PAKISTAN'S SHORT-TERM PROSPECTS

Summary

(S) President Zia-ul-Haq's chances of finishing out the year as Pakistan's leader are in doubt. He has called elections for November 17, but it would not be surprising if he canceled or postponed them. He would run some risk in doing so. Martial law is unpopular, and he would face increasing unrest.

(S) Tensions between the provinces will continue to frustrate Zia's efforts to develop a national consensus on the type of government Pakistan should have. The deep malaise in Pakistan is thus unlikely to improve by the end of 1979. On the other hand, there are few clear alternatives to Zia, and the military probably will stick with him at least as long as the country is peaceful.

(C) On the economic front, Pakistan is encountering severe difficulties. Inflation is accelerating. The size of the balance of payments deficit has caused Pakistan to ask for debt rescheduling.

(C) Foreign affairs also present problems for Zia. He would like to be able to use the US as a counterweight to the USSR, but his determination to proceed with nuclear development is complicating Islamabad's relations with Washington. The Pakistani nuclear program also may eventually impede the present improvement in relations with India, which are the best they have been in recent history. Finally, Pakistan's relations with Afghanistan will continue to be dangerously uneasy.

\* \* \* \* \*

SECRET

RDS-2 8/24/85 (multiple sources)

WARNING NOTICE  
SENSITIVE INTELLIGENCE SOURCES  
AND METHODS INVOLVED

Report No. 123  
August 24, 1979

SECRET

Zia's Political Problems

(C) Lack of firm leadership has had a profoundly depressing effect on the Pakistani population. While President Zia is not actively hated--his martial law administration is not harsh--he is generally regarded as a bungler, incapable of extricating himself or the country from the current troubles. Among the upper and middle classes, there is a flight of capital and talent that bodes ill for Pakistan's future political and economic stability.

(U) Zia's main political opposition continues to come from former Prime Minister Bhutto's Pakistan People's Party, which has shown signs in the past month of regenerating its power as the largest and best-organized political party in Pakistan's history. Although initially reeling from the shock of Bhutto's execution last April, the party's leaders are increasingly confident that they could win any fair election in Pakistan.

(C) Their strategy reportedly is to lie low, avoid confronting the martial law administration on any issue, and make their case to the people. While the party still faces potential problems over leadership, Bhutto's wife has announced her claim to head it. She may be able to supply the unity the party needs to compete in the elections, though she will be largely a figurehead.

(U) Zia also faces potential opposition from those who once supported him. The loose coalition of parties that banded together to topple Bhutto in 1977 extended its support to the successor martial law government. The parties gradually fell away, however, in disputes with Zia over various issues, culminating with the complete withdrawal of civilian political participation in Zia's government a month after Bhutto's execution. They have now joined the Pakistan People's Party in opposing continuation of martial law and calling for elections.

(U) Factionalism and a lack of charismatic leaders plague Pakistan's political groupings. One of the formerly

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powerful opposition organizations, the tribal-based National Democratic Party, recently split apart in a clash over personalities and over the degree of provincial autonomy that the party would espouse.

#### The Election Issue

(C) Whether Zia will hold elections is uncertain. As late as July 22, he recommitted himself to polls in November. The outcome he desires would be a majority of seats won by center and rightist parties, which would then form a governing coalition--possibly with a strong military president to keep them on an even keel. A victory by the People's Party on the other hand, would threaten Zia's personal liberty as well as reinstate policies that Zia believes bankrupted the country both morally and economically.

(C) With electoral modifications designed to weaken the opposition, Zia might go ahead with elections. He has insisted that not only will he turn over power to an elected government, but also that he will resign as Chief of Army Staff and retire from public life. That he would willingly take himself completely out of public life, however, seems unlikely.

(C) Despite his assurances that elections will be held, it would not be out of character for Zia to reverse himself out of fear of the latent strength of the opposition. He could also cancel elections for other reasons, particularly if there is pre-election turmoil, or even--as some are convinced--to be sure of keeping his job.

(S) If Zia does break his promise to hold elections, increasing public unrest can be expected. The People's Party would certainly take the lead to try to bring him down. He would also face rising pressure from within the military. Several of his generals feel that the army has already been too long in the difficult and distracting business of running the country. If he does not hold elections soon, they might quietly press him to step aside. Zia, however, probably would be able to resist such pressures as long as he is not confronted with serious internal disorders at the same time.

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#### Economic Problems

Pakistan's poor economic prospects reflect the lack of successful political leadership. Industrial production is recovering somewhat from the stagnation of the Bhutto era, although political uncertainties are inhibiting investment confidence in the private sector. Agricultural performance remains mixed. Wheat production is at a record level and has been showing steady increases in production; on the other hand, cotton, vital both to the domestic textile industry and as an export earner, remains in a prolonged slump. Overall growth in gross domestic product in 1978-79 was in the range of 6 to 7 percent for the second year in a row, in contrast to the 2- to 3-percent rates that prevailed during the last years of Bhutto's rule.

At the same time, Pakistan is rapidly approaching financial crisis, and its leaders have once again requested debt rescheduling. At the heart of its difficulties are massive government budget deficits swollen by large consumer subsidies and by heavy expenditures on misconceived public-sector industrial projects, the nuclear program, and a large defense budget.

The result is an accelerating inflation rate and a severe balance of payments problem. Only a high level of repatriate worker remittances prevented a balance of payments crisis last year. In the meantime, the external debt service burden is increasing rapidly, resulting in a serious erosion of net foreign aid flows. A foreign debt rescheduling exercise will probably become a necessity within the next year, but Pakistan's official creditors remain reluctant to consider special financial accommodations until the government shows more determination to try to live within its means.

#### The Foreign Equation

(S/NF/NC/OC) Pakistan's troubled relationship with the US is a central preoccupation for Pakistani leaders. Zia, however, is not likely to go very far to compose the differences. Instead, he seems likely to feed anti-American propaganda as a way to deflect domestic criticism.

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(S/NF/NC/OC) The most probable issue for collision with the US is the Pakistani nuclear program. There is a good possibility that Islamabad will continue its clandestine effort to gain a nuclear explosive capability. It appears to be attempting to mask its efforts with the label of "research and development." The Pakistanis seem bent on stringing out negotiations with the US and other Western countries in order to gain time for their scientists. There are conflicting reports on when such a test would be technically feasible. Some reports suggest Islamabad may try to detonate a device as early as this fall. It is not likely, however, that Pakistan will have the capability to conduct a test this year, as was previously expected.

(C) Another problem in the US-Pakistani relationship is the unchecked expansion of opium poppy cultivation in the tribal areas of Pakistan along the Afghan border. The output of the Pakistani area probably reached 400 metric tons last year. Combined with the production of neighboring Afghanistan, the total surpasses that of the "Golden Triangle";<sup>1/</sup> and Pakistani refining capacity is becoming increasingly sophisticated.

(C) The Pakistani writ of authority, never very strong in tribal areas, is now even less effective in controlling opium production and smuggling because of the insurgency on the Afghan side of the border. In addition, the Islamic ordinance introduced in February banning all intoxicants paradoxically threw the narcotics control apparatus into a shambles when it removed existing enforcement mechanisms without providing new ones.

(C) Afghanistan will continue to be an urgent foreign policy problem for Pakistan over the next six months. So far, Islamabad has reacted with considerable restraint to the pressure of approximately 140,000 refugees inside its borders, hostile propaganda from Kabul and Moscow, and various border incidents such as jet aircraft overflights and occasional shelling. Islamabad's urge to aid the dissidents in overthrowing the unfriendly Taraki/Amin regime may

<sup>1/</sup> The inaccessible, mountainous Shan plateau which ranges from northeastern Burma into Thailand, Laos, and China.

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row but will be tempered by the knowledge that the Soviets and Afghans have the capability to make things quite uncomfortable for Pakistan by meddling in Baluchistan.

(C) Pakistan should achieve its goal of joining the Non-aligned movement following September's summit meeting in Havana. Islamabad has made a wide-ranging and effective effort in lobbying support for admission. Pakistan is likely to be admitted even in the face of Afghan opposition-- which Afghanistan has threatened. India dropped its opposition to Pakistan's entry after dissolution of the CENTO alliance early this year.

(C) Relations with India are the one bright spot in Pakistan's present situation. They are better than they have been for the nearly 33 years of the countries' separate existence. Not only are there full diplomatic and consular relations but also air, land, communications, and trade links. The unresolved Kashmir issue has seemingly been pushed to a back burner, and each country has been carefully noncommittal about the internal and foreign affairs problems of the other. The Pakistani leadership was especially relieved by India's restraint when Bhutto was executed. Although Islamabad still distrusts New Delhi for its relationship with the Taraki regime in Kabul, in some ways Pakistan has come to look upon India as a source of support.

(S) This harmony is not likely to last. Desai's ouster and replacement by Charan Singh will certainly herald a more nationalistic, less idealistic Indian government. Although not otherwise hostile to Pakistan, Indian policy is likely to be determined by sensitivity over the nuclear issue. If New Delhi perceives the Pakistani nuclear weapons effort as serious, it could quickly lead to a deterioration in relations. As India prepares for elections this November, the caretaker Singh government is not likely to take any dramatic steps that would undermine relations, though some of the campaign rhetoric could focus on the threat of a Pakistani "bomb."

Prepared by Karen Longeteig  
x28575

Approved by George Harris  
x28397

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TO RUEBC/SECSTATE WASHDC 4502  
INFO RUHQHQA/GINCPAC HONOLULU HI  
RUQNGU/AMEMBASSY ANKARA 4175  
RUMJPG/AMEMBASSY BEIJING 821  
RUMJGM/AMEMBASSY COLOMBO 1832  
RUMQRA/AMEMBASSY JIDDA 862  
RUSBLR/AMEMBASSY KABUL 9615  
RUSLKR/AMCONSUL KARACHI 8025  
ZEN/AMCONSUL LAHORE  
RUDDC/AMEMBASSY LONDON 4225  
RUEMCO/AMEMBASSY MOSCOW 1486  
RUSBAE/AMEMBASSY NEW DELHI 1300  
ZEN/AMCONSUL PT/SEAWAR  
RUQNER/AMEMBASSY TEHRAN 5414  
RUFWLG/AMCONSUL LENINGRAD 211

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CONFIDENTIAL

LIMITED OFFICIAL USE SECTION 1 OF 2 ISLAMABAD 0000

S.O. 12005: A/A

TAGS: OREP (CODEL WOLF) MAIL. BRIF. TERA. FIVE. PA  
SUBJECT: (LOC) GOP BRIEFINGS FOR CODEL WOLF

1. THREE-HOUR SESSION AT NSA ON JULUST 19 THRU 20  
TO HIS BILLING AS A BRIEFING AND DISCUSSION; P. 11  
PAKISTAN GOVERNMENT SIDE WERE USM ARDAS, CHIEF OF  
INTELLIGENCE, QUDLAM ISHAQ KHAN, FINANCE MINISTER, AND  
AGHA SHAHI, FOREIGN AFFAIRS ADVISOR (DE FACTO FOREIGN  
MINISTER) TO THE PRESIDENT; SHAHI PRESENTED BRIEFINGS  
WERE FULL, AND EXCHANGE, SPIRITED.

2. INTELLIGENCE BRIEFING: INFO. A YEAR BRIEFING COVERED  
MAINLY THE THREATS TO PAKISTAN'S SECURITY FROM ITS  
TWO IMMEDIATE NEIGHBORS, AFGHANISTAN AND INDIA, AS  
WELL AS MORE GENERAL CONCERNS ABOUT SOVIET HAND IN  
AND BEHIND AFGHAN SITUATION. HE NOTED APRIL 1979  
REVOLUTION IN KABUL HAD BROUGHT SOVIET UNION FROM  
OXUS TO KHYBER IN ONE STEP. HE RECOUNTED DEVELOPMENTS  
IN AFGHANISTAN SINCE THEN, DESCRIBED STATUS OF  
REBELLION NOW UNDERWAY IN 24 AND 25 PROVINCES, AND  
DETAILED ARMS PROVIDED BY MOSCOW. AGHA SHAHI OF  
INDIA AS "PARAMOUNT" REGIONAL POWER. STATED THE INDC-

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3. SOVIET RELATIONSHIP TO THE SINO-SOVIET CONFLICT,  
EMPHASIZED INDIA'S MILITARY AND TECHNOLOGICAL SUPERIOR-  
ITY OVER ITS NEIGHBORS, AND CHARACTERIZED PAKISTAN AS  
A "STUMBLING BLOCK" TO INDIA'S "ARROGATION TO ITSELF"  
OF THE ROLE OF THE REGIONAL INFLUENTIAL -- A ROLE APPROVED, HE  
SAID, BY BOTH THE US AND THE USSR. BRIEFING WAS LONG  
ON CAPABILITIES IMPHASIZING INDIAN MILITARY AND  
INDUSTRIAL MIGHT, AND TYPICALLY SHORT ON INTENTIONS.

4. SHAHI BRIEFING: FOREIGN ADVISOR AGHA SHAHI'S  
PRESENTATION WAS EFFORT AIMED AT DEMONSTRATING US-PAKISTAN  
RELATIONS HAVE HAD MANY POINTS OF FRICTION OVER THE  
YEARS, EXPRESSING HOPE FOR FUTURE RELATIONS, AND DENYING  
THAT PAKISTAN PLANS TO DEVELOP A NUCLEAR WEAPONS  
CAPABILITY.

4. IN BRIEF HISTORICAL RESUME, SHAHI TICKED OFF:  
(A) US MILITARY AID TO INDIA IN 1962; (B) US "UNHAPPINESS"  
WITH WARMING PAKISTAN-CHINESE RELATIONSHIP IN 1960S;  
(C) US ACTIONS DURING 1965 INDC-PAK CONFLICT,  
INCLUDING ARMS EMBARGO WHICH HE CLAIMED (APPROXIMATELY)  
LASTED THROUGH 1975; (D) PAK DISAPPOINTMENT OVER THE  
YEARS WITH CEATO AND WITH US LATTER-DAY ECONOMIC AND  
MILITARY AID PERFORMANCE (IN CONTRAST WITH OBLIGATIONS  
OF 1954 AND 1962 AGREEMENTS); (E) THE A-7 TURN-DOWN;  
(F) THE CONTROVERSY OVER THE FRENCH NUCLEAR REPROCESSING  
PLANT CONTRACT (WHICH, HE SAID, THE US URGED HE ABOGATED  
WHILE PROCLAIMING THE SOLEMNITY OF US CONTRACTUAL  
OBLIGATIONS RE TARAPUR IN INDIA); AND, (G) THE PRESENT  
APPLICATION OF THE SYMINGTON AMENDMENT OVER THE NUCLEAR  
ENRICHMENT ISSUE (NOTING THIS IS DOUBLE STANDARD IN  
COMPARISON WITH CONTINUED US SALES OF ENRICHED FUEL  
TO INDIA, WHICH HAS EMPLOYED NUCLEAR DEVICE). IN  
THIS CONTEXT, SHAHI EXPLICITLY ACKNOWLEDGED PAKISTAN'S  
"NEWLY ACQUIRED CAPABILITY TO SMASH PLUTONIUM" IN  
RESPONSE TO CODEL QUERIES WHY SUCH CAPABILITY IS  
NECESSARY IN VIEW OF ABSENCE OF PAK PEACETIME REQUIRE-  
MENT FOR ENRICHED URANIUM, SHAHI EMPHESIZED PAK  
DETERMINATION TO ACQUIRE FULL FUEL CYCLE SO AS TO  
BE IMMUNE FROM FOREIGN PRESSURES AS HAPPENED WITH KANUPP  
AND THE CANADIANS. HE ALSO STATED FLATLY THAT PAKISTAN  
"HAS NO INTENTION TO MAKE A BOMB."

5. SHAHI RECOUNTED PAK WILLINGNESS TO PUT FRENCH  
PLANT UNDER SAFEGARDS AND PLUTONIUM THEREFROM UNDER  
INTERNATIONAL CONTROL. HE ALSO RECALLED PAKISTAN'S  
EFFORTS TO ACHIEVE SOME SORT OF NUCLEAR-FREE ZONE  
ON A REGIONAL BASIS, INCLUDING ITS SANWYZ AND ITS  
OFFER TO INDIA OF MUTUAL INSPECTIONS. PAKISTAN IS

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ALONE IN THE REGION WITH INDIA, AND "OLD THREAT", AND  
AFGHANISTAN, A "NEW THREAT," AND WITH BOTH "SUPERPOWERS  
AGAINST US." BUT PAKISTAN IS "PROUD," HE SAID, AND THE  
CAMPAIGN OF SCORN IN THE US MEDIA WILL WIN NO FRIENDS  
HERE." SHABI HINTED AT POSSIBLE PAC ACCOMMODATION WITH  
USSR WHICH HE SAID MANY INTELLECTUALS FAVOR.

6. ON ISLAMIC BOMB ALLEGATIONS, SHABI SAID CATEGORICALLY:  
WE HAVE NOT THE TECHNOLOGY TO BUILD A BOMB. WE HAVE  
NOT SOLICITED NOR HAVE WE RECEIVED AID IN OUR NUCLEAR  
PROGRAM FROM ANY MUSLIM COUNTRY. WHAT WE ACHIEVE IN  
OUR (PEACEFUL) PROGRAM WILL BE AN ACHIEVEMENT FOR  
PAKISTAN AND WILL PUT PAKISTAN IN THE SUPPLIER MARKET.  
WE HAVE NO INTENTION TO DEVELOP WEAPONS." AT A LATER  
POINT, SHABI ASKED RHETORICALLY IF THE US COULD PROVE

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NNNNVV ESB254MJC322  
RR RUQMR  
DE RUSBQD #9726/2 2591870  
ZNY CCCCC ZH  
R 270750Z AUG 79  
FM AMEMBASSY ISLAMABAD  
TO RUEHC/SECSTATE WASHDC 4567  
INFO RUHQHQA/CINCPAC HONOLULU HI  
RUQMCU/AMEMBASSY ANKARA 4176  
RUQJG/AMEMBASSY BEIJING 622  
RUMJGM/AMEMBASSY COLOMBO 1833  
RUQMPA/AMEMBASSY JIDDA 933  
RUSBY/AMEMBASSY KAHUL 9616  
RUSBR/AMCONSUL KARACHI 8606  
ZEN/AMCONSUL LAHORE  
RUDTC/AMEMBASSY LONDON 4226  
RUBHO/AMEMBASSY MOSCOW 11487  
RUSBAE/AMEMBASSY NEW DELHI 1306  
IZEN/AMCONSUL PESHAWAR  
RUQMR/AMEMBASSY TEHRAN 5411  
RUFELG/AMCONSUL LENINGRAD 012

BT

C O N F I D E N T I A L

LIMITED OFFICIAL USE SECTION 2 OF 2 ISLAMABAD 9726

PAKISTAN HAS RECEIVED MONEY FOR ITS NUCLEAR PROGRAM  
FROM LIBYA OR ANY OTHER; HE CHARACTERIZED THE NOTION  
THAT LIBYA WOULD WANT "A CRUDE PAKISTAN BOMB FOR  
JIHAD AGAINST JEWS AND CHRISTIANS;" AS "PURE FANTASY."

7. CHAIRMAN WOLFF, CHARACTERIZING THE BORT ARTICLE  
AS "INFAMOUS," DESCRIBED HIS OWN CODEL AS "COMMANDOS  
OF PEACE," INTERESTED IN LONG-TERM TIES WITH PAKISTAN,  
NOT A RELATIONSHIP BASED ONLY ON COMMON ENEMIES. HE  
DESCRIBED HIS BASIC CONCERN AS "STABILITY IN THE REGION,  
WHICH HE CHARACTERIZED AS BEING IN PAKISTAN'S AND  
AMERICA'S INTEREST. NUCLEAR QUESTION, HE SAID,  
THREATENS TO OPEN A PANDORA'S BOX IN THE REGION. HE  
SPOKE OF CONGRESSIONAL ATTITUDES ON NON-PROLIFERATION.  
SUPPORTED THE SYMINGTON AMENDMENT, AND ATTEMPTED TO  
EXPLAIN US USE OF DIFFERENT APPROACHES IN DIFFERENT  
COUNTRIES, DEPENDING ON THEIR NUCLEAR STAGE.

9. WOLFF EMPHASIZED THE NEED FOR TRUST IN THE US-PAK  
RELATIONSHIP, POINTED OUT THE CONTINUING EXISTENCE OF  
THE 1954 AND 1959 AGREEMENTS (NOT DENOUNCED), SPOKE  
OF THE NEED TO IGNORE UNFORTUNATE ARTICLES AIMED AT  
SELLING PAPERS, ASSURED SHABI THAT THE US HAS NO

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INTENTION TO INTERFERE IN PAKISTANI INTERNAL AFFAIRS. THE GOVERNMENT THAT THE US WOULD TRY TO HELP PAKISTAN IN WHATEVER WAY WE CAN. HE POINTED TO THE CONSTRAINTS OF THE LAW (AND POLICY), HOWEVER, AND EXPRESSED HIS OWN PERSONAL COMMITMENT TO THE NEED TO CONTROL NUCLEAR PROLIFERATION.

10. OTHER MEMBERS OF CODEL, WHILE OCCASIONALLY EXPRESSING DIFFERENCES AMONG THEMSELVES ON VARIOUS ISSUES, TENDED IN THE MAIN TO SUPPORT WOLFF'S POSITION. POWERS AND LAZARUS, URGING GOP TO ASSIST US IN PUTTING THIS SITUATION BEHIND US, GUYER EMPHASIZING THE NEED TO GET THE ECONOMY GOING AGAIN, AND BOHR STATED AND ID. NAN URGING PAKISTAN TO RECONSIDER PLANS TO DEVELOP WEAPONS CAPABILITY.

11. IN PARTIAL RESPONSE TO WOLFF, GHULAM ISHAQ INDICATED PAKISTAN IS "ATTEMPTING TO MASTER THE ENTIRE NUCLEAR FUEL CYCLE", TO MEET ITS FUTURE ENERGY NEEDS; THIS WILL TAKE 5-12 YEARS, HE SAID. THE NEXT PLANTS PAKISTAN WILL BUILD WILL BE BREEDER REACTORS, WHICH WILL REQUIRE ENRICHED FUEL. HE ADDED: WE ARE POOR, AND WE ARE SMALL. BUT WE ARE NOT IRRESPONSIBLE. PAKISTAN WOULD VANISH IN A NUCLEAR HOLOCAUST.

12. GHULAM ISHAQ BRIEFINGS IN SHORTEST OF THE PRESENTATIONS, FINANCE MINISTER GHULAM ISHAQ KHAN ROUTINELY REPEATED STANDARD GOP POSITION ON ECONOMIC SITUATION. HE STARTED BY SAYING THAT PRESENT GOVERNMENT HAD INHERITED A "SCRAMBLE" OF AN ECONOMY AND IN THE TWO YEARS HAS DONE A LOT TO SALVAGE IT. THIS IS EVIDENCED BY TWO STRONG YEARS OF PRODUCTIVE ECONOMIC GROWTH CONCENTRATED IN PRODUCTIVE SECTORS, WHICH CONTRASTS WITH SEVERAL PREVIOUS YEARS OF STAGNATION IN ALL BUT A FEW SECTORS. THE GOVERNMENT HAS ALSO DEALT FIRMLY WITH THE BUDGET PROBLEM, AS EVIDENCED BY THE MUCH CRITICIZED EFFORT TO RAISE TAXES SUBSTANTIALLY. THE BALANCE OF PAYMENTS SITUATION WILL TAKE LONGER TO WORK AROUND. TO BUY TIME, THE GOP HAS REQUESTED DEBT RESCHEDULING AT THE LAST TWO AID TO PAKISTAN CONSORTIUM MEETINGS. HE PROMOTED THE TARGET OF .75 PERCENT OF GNP BY DCs FOR FOREIGN ASSISTANCE INTO A "COMMITMENT", AND SAID U.S. WAS DEVOTING SCARCELY .20 PERCENT OF GNP TO FOREIGN ASSISTANCE. MISREPRESENTING WHAT ACTUALLY HAPPEND AT CONSORTIUM MEETINGS, ISHAQ CLAIMED THE REQUESTS HAD BEEN BLOCKED BY THE U.S. BOTH TIMES. HE WENT ON TO SAY THAT IF PAKISTAN DID NOT RECEIVE ADDITIONAL AID OR DEBT RESCHEDULING, ITS DEVELOPMENT WOULD COME TO A HALT AND THE MISERY OF THE

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POPULATION WOULD BE INCREASED. HE DID NOT, HOWEVER, SUGGEST DEFAULT AS A RESULT OF THE BALANCE OF PAYMENTS CRISIS. AN OMISSION WE INTERPRET AS STEERING FROM A DESIRE TO BE REASONABLE AND NON-THREATENING TO THAT AUDIENCE.

13. REPORT ON CODEL NARCOTICS BRIEFINGS FOLLOWS SEPTIL.

14. THIS REPORT NOT , RPT NOT, SHOWN BY CODEL.  
MUMMEL  
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NNNNVV ESB022MJC650  
 RR RUMOMHR  
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 R 10 0731Z SEP 70  
 FM AMEMBASSY ISLAMABAD  
 TO RUEHC/SRCSSTATE WASHDC 4771  
 INFO RUMJGM/AMEMBASSY COLOMBO 1850  
 RUMDLY/AMEMBASSY DACCA 3805  
 RUMDLY/AMEMBASSY KABUL 8655  
 RUMDHR/AMCONSUL KARACHI 8701  
 RUMDHT/AMEMBASSY KATHMANDU 1841  
 ZNY AMCONSUL LABORE POUCH  
 RUMDND/AMEMBASSY LONDON 4245  
 RUMDMA/AMEMBASSY MANILA 1355  
 RUMDRE/AMEMBASSY NEW DELHI 1367  
 RUMDPS/AMEMBASSY PARIS 3231  
 ZNY AMCONSUL PSEWAWAN POUCH  
 RUMDHR/AMEMBASSY TEHRAN 5420  
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 CHRON

THEY EXPECTED THE FIRST \$100 MILLION TO ARRIVE  
 DURING SEPTEMBER. THE LOAN WILL BE A SIGNIFICANT HELP  
 TO PAKISTAN'S BALANCE OF PAYMENTS. END COMMENT.

(U) COPIES OF ARTICLES BEING POUCHED TO DEPARTMENT,  
 WASH/PAB, RUMMEL

BT

U.S. GOVERNMENT PRINTING OFFICE: 1977-205-323

C O N F I D E N T I A L

LIMITED OFFICIAL USE ISLAMABAD 10251

MANILA FOR ADB

PARIS ALSO FOR OECD

ZNY 12065Z NA

TAGS: EAGR BAID EFIN PK

SUBJECT: PAKISTAN PRESS REPORTS \$200 MILLION SAUDI LOAN FIM

REF: KARACHI 4887

1. (U) PAKISTAN TIMES, SEPTEMBER 9, REPORTS THAT "PAKISTAN  
 HAS NOW FINALIZED AGREEMENT WITH SAUDI ARABIA FOR A \$200  
 MILLION INTEREST-FREE LOAN DISBURSABLE IN TWO INSTALL-  
 MENTS DURING THE CURRENT FISCAL YEAR". THE ARTICLE GOES  
 ON TO SAY THAT THE FIRST \$100 MILLION IS EXPECTED DURING  
 THE LAST WEEK OF THE CURRENT MONTH WITH THE SECOND \$100  
 MILLION TO BE DRAWN DOWN IN JUNE. THE ARTICLE REPORTS  
 THE TERMS OF THE LOAN AS BEING INTEREST-FREE, REPAYABLE  
 IN SEVEN YEARS INCLUDING A FOUR YEAR GRACE PERIOD.

2. (IOU) COMMENT: THE ARTICLE, WRITTEN BY ASLAM SHIEKH,  
 A USUALLY RELIABLE JOURNALIST ON ECONOMIC MATTERS, CON-  
 FIRM RUMORS WE HAVE HEARD THAT EAD SECRETARY ATAB  
 VISITED THE LOAN DURING HIS LAST TRIP TO SAUDI ARABIA.  
 BANKERS AND FINANCE MINISTRY OFFICIALS HAVE BEEN SAYING

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 RR RUQMHR  
 DE RUSBQD #0655 2621110  
 ZNY CCCCC ZZH  
 R 190650Z SEP 79  
 FM AMEMBASSY ISLAMABAD  
 TO RUEHC/SECSTATE WASHDC 4919  
 INFO RUQMGU/AMEMBASSY ANKARA 4187  
 RUMJPG/AMEMBASSY BEIJING 646  
 RUMJGM/AMEMBASSY COLOMBO 1858  
 RUMJDK/AMEMBASSY Dacca 3510  
 RUQMRA/AMETOASSY JIDDA 884  
 RUSBLK/AMEMBASSY KABUL 9695  
 RUSBKR/AMCONSUL KARACHI 8754  
 ZEN/AMCONSUL LAHORE POUCH  
 RUDTC/AMEMBASSY LON  
 ON 4254  
 RUEHMO/AMEMBASSY MOSCOW 1513  
 RUSBAE/AMEMBASSY NEW DELHI 1405  
 ZEN/AMCONSUL PESHAWAR POUCH  
 RUQMHR/AMEMBASSY TEHRAN 5439  
 RUHQHQA/CINCPAC HONOLULU HI  
 RUSNAAA/USCINCEUR VAHINGEN GE  
 RUFBRBA/COMIDEASTFOR  
 RUEKJCS/SECDEF WASHDC  
 RUEKJCS/JCS WASHDC  
 BT  
 C O N F I D E N T I A L ISLAMABAD 10655

MILITARY ADDRESSEES ALSO FOR POLADS

1. (C) ENTIRE TEXT.

2. RADM ROBERT W. CHEWNING, COMMANDER, MIDDLE EAST FORCES (MIDEASTFOR) PAID HIS INITIAL VISIT TO PAKISTAN 15-19 SEPTEMBER DURING HIS STAY ADM CHEWNING SPENT THREE DAYS IN ISLAMABAD WHERE HE HELD MEETINGS WITH MILITARY AND CIVILIAN GOP OFFICIALS. THIS CABLE REPORTS SUBSTANCE OF THE ADMIRAL'S MEETINGS WITH FOREIGN ADVISOR AGHA SHAHI AND FONSEC SHAHNAWAZ. MEETING WITH PRESIDENT ZIA UL-HAQ REPORTED SEPTEL.

3. ADMIRAL CHEWNING CALLED ON MFA ON MORNING OF SEPTEMBER 17 WHERE HE WAS SCHEDULED TO MEET WITH FOREIGN SECRETARY SHAHNAWAZ. ON ARRIVAL AT MINISTRY, SHAHNAWAZ ADVISED ADMIRAL THAT FOREIGN ADVISOR AGHA SHAHI WOULD RECEIVE THEM AND THAT THE FOREIGN SECRETARY WOULD SIT IN. EMBOFF ACCOMPANIED AS NOTETAKER.

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1. AGHA SHAHI OBVIOUSLY WANTED SPECIFICALLY TO TALK ABOUT SOVIET SHIP MOVEMENTS AND MTER ACTIVITY IN THE INDIAN OCEAN AREA. HE ASKED ADM CHEWNING WHETHER THE SOVIETS REGULARLY FOLLOW U.S. SHIPS AND WHETHER THERE IS MUCH COMMUNICATION BETWEEN THE TWO NAVIES. HE ALSO ASKED KNOWLEDGEABLE QUESTIONS ABOUT SOVIET ACTIVITIES AT INDIAN PORTS, QOTRA AND CAM RAHN BAY. AT THE LATTER, HE SAID, THE CHINESE ARE CONVINCED THE SOVIETS MAINTAIN A NAVAL BASE AND THAT THE FACILITIES HAVE STRATEGIC IMPORTANCE FOR SOVIET PRETENTIONS IN S.E. ASIA AND THE INDIAN OCEAN.

1. ADM CHEWNING DENIED THERE WAS ANY TRUTH TO A RUMOR AGHA SHAHI HAD HEARD IN ABU DHABI THAT PRINCE HASHID IS BUILDING A NAVAL BASE THERE WHICH WILL BE USED BY THE U.S. NAVY. HE ALSO GAVE SHAHI A BROAD BRUSH DESCRIPTION OF SOVIET NAVAL ACTIVITIES IN THE AREA, INCLUDING HIS VIEW THAT, ALTHOUGH SOVIET SHIPS CALL REGULARLY AT INDIAN PORTS, THERE IS NO EVIDENCE THEY HAVE FACILITIES. HE DESCRIBED MIDEASTFOR FACILITIES AND SHIPS FOR SHAHI AND COMPARED HIS ASSETS WITH THOSE OF THE SOVIET FORCES IN THE AREA.

6. IN RESPONSE TO THE FOREIGN ADVISOR, ADM CHEWNING DESCRIBED IN GENERAL TERMS THE CONFIGURATION OF THE USN WORLD-WIDE WITH DELINEATION OF EACH FLEET'S AREAS OF RESPONSIBILITY. ALSO AT SHAHI'S REQUEST HE DESCRIBED THE DESTROYERS BEING SOLD BACK TO THE U.S. BY IRAN. SHAHI SEEMED FASCINATED BY ADMIRAL'S DESCRIPTION OF THE TECHNOLOGICAL MARVELS OF THE SPRUANCE CLASS DESTROYER AND RAISED IN A VERY LIGHT MANNER THE SUBJECT OF PAKISTAN'S HEARING CLASS DESTROYERS. WITHOUT MENTIONING ANY FUTURE DELIVERIES (OR LACK THEREOF) OF GEARINGS, ADM CHEWNING DESCRIBED THE TWO ALREADY DELIVERED AS GOOD SHIPS FOR WHAT THE PAKISTANIS NEED. SHAHI LET THE SUBJECT DROP THERE. HUMMEL

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PP RUQMHR  
DE RUSBQD #0656/1 2621230 002064  
ZNY CCCCC ZZH  
P 191015Z SEP 79  
FM AMEMBASSY ISLAMABAD  
TO RUEHC/SECSTATE WASHDC PRIORITY 4920  
INFO RUMJDK/AMEMBASSY DACC 3511  
RUSBLK/AMEMBASSY KABUL 9696  
RUSBKR/AMCONSUL KARACHI 8755  
RUMJHT/AMEMBASSY KATHMANDU 1846  
RUSBQD/AMCONSUL LAHORE 6638  
RUDTC/AMEMBASSY LONDON 4255  
RUMJMA/AMEMBASSY MAINLA 1389  
RUSBAE/AMEMBASSY NEW DELHI 1406  
ZEN/AMCONSUL PESHAWAR  
RUFNPS/AMEMBASSY PARIS 3254  
RUQMHR/AMEMBASSY TEHRAN 5440  
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C O N F I D E N T I A L

LIMITED OFFICIAL USE SECTION 1 OF 3 ISLAMABAD 10656

MINILA FOR ADB; PARIS ALSO FOR OECD

E.O. 12065: NA  
TAGS: EFIN, EAID, EAGR, PK  
SUBJECT: (U) UPDATED BALANCE OF RAYMENTS PROJECTION - PFY1979

REF: (A) ISLAMABAD 4132, (B) STATE 208884

SUMMARY: WE HAVE UPDATED AND REFINED THE PFY1979/80 BALANCE OF PAYMENTS PROJECTION WE DID IN MARCH (REFTEL A) AND COMPARED IT WITH THE CURRENT MINISTRY OF FINANCE PROJECTION. IN THE MIX OF CHANGES, THE NET RESULT IS A SOMEWHAT SMALLER, BUT STILL SUBSTANTIAL, UNFINANCED GAP, AND THIS MAINLY BECAUSE WE NOW EXPECT SOME NET SHORT-TERM BORROWING. WE DO NOT EXPECT THE OIL PRICE INCREASE TO HAVE A CATASTROPHIC IMPACT ON THE BALANCE OF PAYMENTS BECAUSE IT IS BEING PARTLY OFFSET BY BELT TIGHTENING -- AT THE EXPENSE OF THE DEVELOPMENT PROGRAM. WE ESTIMATE EXPORTS TO BE \$2 BILLION, COMPARED TO \$1.95 BILLION IN THE GOP FORECAST, ON THE STRENGTH OF CONTINUED GOOD PERFORMANCE OF RICE AND COTTON EXPORTS. IMPORTS, PARTLY BECAUSE OF HIGHER OIL AND OTHER PRICES, ARE LIKELY TO BE ABOUT \$4 BILLION. THE GOP ESTIMATES ABOUT \$4.2 BILLION, BUT WE THINK ITS METHODOLOGY OVERESTIMATES PUBLIC SECTOR IMPORTS. THE INVISIBLES ACCOUNT SHOULD BE IN SURPLUS BY ABOUT \$1 BILLION. THANKS TO ABOUT PERHAPS \$1.6 BILLION IN WORKER REMITTANCES. WE EXPECT A CURRENT ACCOUNT DEFICIT OF ABOUT \$1 BILLION COMPARED TO A GOP ESTIMATE OF \$1.2 BILLION, WE ESTIMATE NET LONG-TERM CAPITAL INFLOWS AFTER SUBTRACTING REPAYMENTS, TO BE AROUND \$540 MILLION; THE GOP PROJECTS \$577 MILLION

BASIC BALANCE PROJECTION IS FOR A DEFICIT OF \$438 MILLION, SOMEWHAT LESS THAN THE GOP'S \$635 MILLION BECAUSE THE DIFFERENCE IN EXPECTED IMPORTS. BEYOND THIS, THERE IS \$285 MILLION OF SHORT-TERM DEBT INCURRED LAST YEAR THAT MUST BE REPAYED. THE GOP IS TRYING TO RAISE \$460 MILLION IN SHORT-TERM LOANS AND SUPPLIERS CREDITS FOR NET SHORT-TERM INFLOW OF \$175 MILLION, WE DOUBT THEY WILL BE FULLY SUCCESSFUL, AND ARE CARRYING A FIGURE OF \$100 MILLION, WHICH MAY BE TOO HIGH. WE HAVE ALSO EXCLUDED FROM OUR FORECAST THE \$90 MILLION FROM THE IMF TRUST FUND THE PAKISTANIS EXPECT TO GET. ADDING THE BASIC BALANCE, SHORT-TERM OPERATIONS AND IMF TRANSACTIONS AND READY ARRANGED DEBT RELIEF (FROM IRAN, UK, ETC), WE HAVE AN UNFINANCED GAP OF \$219 MILLION COMPARED TO THE GOP'S \$294 MILLION. WE HAVE NOT INCLUDED THE \$200 MILLION SAUDI ARABIAN ZAKAT LOAN BECAUSE OF UNCERTAINTY AS TO ITS TIMING AND EVEN ITS RECEIPT. IF PAKISTAN DOES RECEIVE \$100 MILLION IN SEPTEMBER AND ANOTHER \$100 MILLION IN JUNE, THIS WOULD SUBSTANTIALLY EASE THE FINANCING PROBLEM FOR A WHILE. END SUMMARY.

WE HAVE UPDATED OUR PFY1979/80 BALANCE OF PAYMENTS PROJECTION AND COMPARED IT TO THE CURRENT FINANCE MINISTRY PROJECTION. THE UPDATE ANSWERS SEVERAL QUESTIONS WASHINGTON HAS RECENTLY RAISED (REFTEL B). WE ESTIMATE EXPORTS WILL INCREASE AT A FASTER RATE THAN IMPORTS BUT NOT FAST ENOUGH TO REDUCE THE TRADE DEFICIT. OUR EXPORT PROJECTION IS NOW \$2 BILLION, 17 PERCENT OVER THE PFY1978/79 PROVISIONAL ACTUAL FIGURE OF \$1.7 BILLION, AND SLIGHTLY HIGHER THAN THE GOP ESTIMATE OF \$1.95 BILLION. WE EXPECT CONTINUED GOOD PERFORMANCE FOR RICE AND AN EXPORTABLE SURPLUS OF RAW COTTON SOMEWHAT HIGHER THAN IN OUR PREVIOUS ESTIMATE BECAUSE OF EARLY INDICATIONS OF A VERY GOOD COTTON CROP.

OUR IMPORT ESTIMATE IS NOW \$4 BILLION, A 10 PERCENT INCREASE OVER THE PROVISIONAL ACTUAL FIGURE FOR PFY1978/79 OF \$3675 MILLION, THE LARGEST INCREASES OVER OUR EARLIER PFY 1978/79 FORECAST ARE THE RESULT OF THE RISE IN OIL PRICES AND A HIGHER FIGURE FOR PUBLIC SECTOR IMPORTS. OUR PROJECTED TRADE DEFICIT FOR PFY1979/80 IS \$2 BILLION, SLIGHTLY HIGHER THAN THE PREVIOUS YEAR BUT LOWER THAN THE GOP'S PROJECTED \$2.2 BILLION.

THE DIFFERENCE BETWEEN OUR FIGURES AND THE GOP'S LIES MAINLY IN PUBLIC SECTOR IMPORTS. WE CONTINUE TO BELIEVE THAT THE GOP METHODOLOGY OVERESTIMATES PUBLIC SECTOR IMPORTS, PARTICULARLY THIS YEAR WHEN THE GOVERNMENT IS MAINTAINING THE BUDGET DEFICIT BY TRIMMING DEVELOPMENT EXPENDITURES AND SLOWING DOWN SOME EXISTING PROJECT.

WORKER REMITTANCES IN CASH DURING PGY1978/79 TOTALED \$4 BILLION, ABOUT 20 PERCENT OVER PFY1977/78. THE RATE IS DECELERATING AND WE ESTIMATE A 7 PERCENT INCREASE IN CASH REMITTANCES, PLUS ABOUT \$100 MILLION IN REMITTANCES IN KIND FOR A TOTAL OF \$1.6 BILLION. WE ESTIMATE OTHER INVISIBLES (FREIGHT AND INSURANCE, INTEREST PAYMENTS,

VV ESA639MJC676  
 PP RUQMHR  
 DE RUSBQD #0636/2 2630900  
 ZNY CCCCC ZZH  
 P 191015Z SEP 79  
 FM AMEMBASSY ISLAMABAD  
 TO RUEHC/SECSTATE WASHDC PRIORITY 4921  
 INFO RUMJDK/AMEMBASSY DACCA 3512  
 RUSBLK/AMEMBASSY KABUL 9697  
 RUSBKR/AMCONSUL KARACHI 8756  
 RUMJHT/AMEMBASSY KATHMANDU 1847  
 RUSBQD/AMCONSUL LAHORE 6639  
 RUDTC/AMEMBASSY LONDON 4256  
 RUMJMA/AMEMBASSY MANILA 1390  
 RUSBAE/AMEMBASSY NEW DELHI 1407  
 ZEN/AMCONSUL PESHAWAR  
 RUFNPS/AMEMBASSY PARIS 3255  
 RUQMHR/AMEMBASSY TEHRAN 5441  
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 C O N F I D E N T I A L

LIMITED OFFICIAL USE SECTION 2 OF 3 ISLAMABAD 10656

MANILA FOR ADB; PARIS ALSO FOR OECD

TRAVEL, GOVERNMENT N.I.E., ETC.), TO BE IN DEFICIT BY \$580 MILLION AND ARRIVE AT A TOTAL NET INVISIBLES SURPLUS OF JUST OVER \$1 BILLION. IN THIS RESPECT WE AGREE WITH THE GOP. DEDUCTING THIS SURPLUS FROM THE TRADE DEFICIT LEAVES A CURRENT ACCOUNT DEFICIT OF \$980 MILLION COMPARED TO A \$1.2 BILLION DEFICIT FORECAST BY THE GOP.

5. WE ESTIMATE LONG-TERM CAPITAL INFLOWS (AID AND PRIVATE CAPITAL INFLOWS) OF ABOUT \$1 BILLION, ONLY A LITTLE LOWER THAN THE GOP'S \$1.05 BILLION. THE DIFFERENCE IS PARTLY THE COUNTERPART OF THE GOP'S OVERESTIMATION OF AID-FINANCED IMPORTS. AMORTIZATION OF LONG-TERM DEBT, INCLUDING IMF OIL FACILITY REPAYMENTS, IS \$475 IN BOTH OUR AND THE GOP'S ESTIMATES. THE LONG-TERM CAPITAL ACCOUNT IS THUS IN SURPLUS BY \$542 MILLION IN OUR PROJECTION AND \$577(1

"0 IN THE GOP'S. ADDING THE CURRENT AND CAPITAL ACCOUNT TOTALS WE ARRIVE AT A BASIC BALANCE DEFICIT OF \$438 MILLION WHILE THE GOP'S BASIC-BALANCE FORECAST SHOWS A DEFICIT OF \$285 MILLION OF SHORT-TERM DEBT INCURRED LAST YEAR. THE GOVERNMENT HOPES TO RAISE ABOUT \$460 MILLION OF SHORT-TERM MONEY THROUGH A COMBINATION OF SUPPLIERS AND CCC CREDITS, PLUS BANK LOANS ARRANGED BY PAKISTANI AND FOREIGN BANKS. WE DOUBT THAT ALL THIS FINANCING WILL MATERIALIZE AND ESTIMATE A ROUND NUMBER OF \$400 MILLION, WHICH MAY BE TOO HIGH IN VIEW OF INCREASING INTERNATIONAL BANKING COMMUNITY NERVOUSNESS ABOUT PAKISTAN.

7. THE GOP IS STILL CARRYING, AS AN INFLOW FROM THE IMF, THE \$90 MILLION TRUST FUND LOAN ALONG WITH \$34 MILLION WORTH OF SDR'S. WE ARE DOUBTFUL THAT THE PAKISTANIS WILL MEET THE FUND'S CONDITIONS FOR "REASONABLE EFFORTS" TO STABILIZE THEIR ECONOMY AND HAVE NOT INCLUDED THE TRUST FUND LOAN IN OUR CALCULATIONS. ADDING UP THE BASIC BALANCE, IMF TRANSACTIONS, SHORT-TERM OPERATIONS AND ALREADY ARRANGED DEBT RELIEF (FROM IRAN, UK, SWITZERLAND, ETC.), WE ARRIVE AT AN UNFINANCED GAP OF \$219 MILLION COMPARED TO THE GOP'S \$294 MILLION.

8. WE HAVE NOT INCLUDED THE \$200 MILLION SAUDI ARABIAN ZAKAT LOAN IN OUR CALCULATIONS BECAUSE OF UNCERTAINTY ON THE PART OF GOP OFFICIALS THAT IT WILL COME IN. IF IT DOES, THE FIRST \$100 MILLION, EXPECTED IN SEPTEMBER, WILL REDUCE THE FINANCING GAP IN OUR PROJECTION TO \$119 MILLION AND THE SECOND TRANCHE, EXPECTED IN JUNE, WOULD FURTHER LOWER THE GAP TO \$19 MILLION. HOWEVER, PAKISTAN MAY WELL HAVE RUN OUT OF FOREIGN EXCHANGE BEFORE THE SECOND TRANCHE, EVEN IF THE ZAKAT LOAN DOES MATERIALIZE.

9. OUR FORMAT IN THIS UPDATE CONFORMS MORE CLOSELY TO THAT USED BY THE IMF AND THE GOP. BETTER DATA HAVE PERMITTED US TO DISAGGREGATE LONG-TERM DEBT INTO PRINCIPAL AND INTEREST AND TO PUT ALL SHORT-TERM DEBT SERVICE AND FINANCING ITEMS BELOW THE BASIC BALANCE LINE.

10. OUR UPDATED BALANCE OF PAYMENTS FORECAST, ALONG WITH OUR MARCH FORECAST FOR COMPARISON, IS PRESENTED BELOW IN THREE TABLES: A - BALANCE OF PAYMENTS; B - TRADE ACCOUNT; C - SHORT-TERM FINANCING. WE ALSO INCLUDE THE MOST CURRENT MINISTRY OF FINANCE FORECAST IN A SEPARATE COLUMN. A LINE-BY-LINE PRESENTATION OF SOME ASSUMPTIONS AND EXPLANATIONS WHERE WE THINK THEY WOULD BE HELPFUL FOLLOWS THE TABLES. BECAUSE OF THE REVISION IN FORMAT, NOT ALL OF FIGURES IN THE "MARCH EMBASSY" COLUMN WILL BE DIRECTLY COMPARABLE TO THOSE IN REF A.

TABLE A

## PFY1979/80 BALANCE OF PAYMENTS PROJECTIONS

(ALL FIGURES IN \$U.S. MILLION)

	EMB MARCH	EMB SEPT	GOP
TRADE BALANCE (TABLE B)	-1840	-2000	-2250
F PLUS I	-365	-400	-400
PRIV T'FERS	1400	1600	1600
OTHER	120	120	120
INTEREST (INCL IMF CHGS)	-300	-300	-300
INVISIBLES	855	1020	1020
CURRENT ACCT BAL	-985	-980	-1230
PRIV INFLOWS	52	52	52
GOV'T INFLOWS	985	965	1000
(PROF)	(685)	(685)	(700)
(NON PROJ)	(300)	(280)	(280)
L.T. DEBT (PRIN)	-400	-400	-400
IMF OIL FAC	-59	-75	-75
LONG TERM CAP ACCT	587	542	577
BASIC BALANCE	-407	-438	-600
FINANCED BY:			
IMF TRUST FUND	50		90
SDR ALLOCATION		34	34
DEBT RESCHED	63	63	63
NET SHT TERM (TABLE C)	0	122	172
UNFINANCED GAP	-294	-219	-294
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PP RUQMHR

DE RUSBQD #0656/3 2631100

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P 191015Z SEP 79

FM AMEMBASSY ISLAMABAD

TO RUEHC/SECSTATE WASHDC PRIORITY 4922

INFO RUMJDK/AMEMBASSY Dacca 3513

RUSBLK/AMEMBASSY KABUL 9698

RUSBKR/AMCONSUL KARACHI 8757

RUMJHT/AMEMBASSY KATHMANDU 1848

RUSBQD/AMCONSUL LAHORE 6640

RUDTC/AMEMBASSY LONDON 4257

RUMJMA/AMEMBASSY MANILA 1391

RUSBAE/AMEMBASSY NEW DELHI 1408

ZEN/AMCONSUL PESHAWAR

RUFNPS/AMEMBASSY PARIS 3256

RUQMHR/AMEMBASSY TEHRAN 5442

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LIMITED OFFICIAL USE SECTION 3 OF 3 ISLAMABAD 10656

MANILA FOR ADB; PARIS ALSO FOR OECD

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TABLE B

## PFY 1979/80 BALANCE OF PAYMENTS PROJECTION - TRADE ACCOUNT

(ALL FIGURES IN \$U.S. MILLION)

	EMB MARCH	EMB SEPT	GOP
WHEAT	160	130	132
EDIBLE OIL	220	230	247
FERTILIZER	170	215	219
POL	700	855	854
PRIV SECTOR	1400	1400	1278
PUB SECTOR	1000	1170	1470
TOTAL IMPORTS	3650	4000	4200
RAW COTTON	110	155	110
YARN	250	240	230
CLOTH	220	220	220
RICE	280	400	400
OTHER	950	985	990
TOTAL EXPORTS	1810	2000	1950
TRADE BALANCE	-1840	-2000	-2250

13.

TABLE C

## 1979/80 BALANCE OF PAYMENTS PROJECTION - NET SHORT TERM

## FINANCING

(ALL FIGURES IN \$U.S. MILLION)

	GOP	EMB	
NET SHORT TERM	172	122	
OUTSTANDING DEBT (PAYMENTS)	286	286	
	CITIBANK WHEAT LOAN		55
CCC	136	136	
FERT. CREDITS	80	80	
ISLAMIC DEV. BANK	15	15	
EXPECTED FINANCING	485	408	
CITIBANK	100	75	
BCCI	100	75	
FERT. CREDITS	100	100	
CCC	53	53	
ISLAMIC DEV. BANK	40	40	
PAKISTANI BANKS	65	65	

## 14. IMPORT ASSUMPTIONS AND COMMENTS

WHEAT - BECAUSE OF THE RECORD WHEAT CROP THE GOP WILL IMPORT .75 MILLION MT OF WHEAT AT \$174 PER TON COMPARED TO OUR EARLIER ASSUMPTION OF 1 MILLION MT AT \$160 PER TON. EDIBLE OIL: WE NOW ACCEPT THE GOP FIGURES IN THE EDIBLE OIL AIDE MEMOIRE AND THE PRICE REMAINS AT AN AVERAGE OF \$600 PER TON. FERTILIZER: GOP IMPORTS OF FERTILIZER WILL COME CLOSE TO THE USAID ESTIMATES AND PRICES WILL RISE A LITTLE OVER CURRENT RATES, I.E., 5000,000 TONS OF DAP AT \$230 PER TON; 200,000 TONS OF NITROPHOSPHATE AT \$215 PER TON; AND 190,000 TONS OF UREA AT \$170 PER TON. THESE ARE HIGHER AND MORE DETAILED PRICE ESTIMATES THAN THOSE USED IN MARCH ( 1 MILLION TONS AT \$170 PER TON). POL: WE HAVE ACCEPTED GOP ESTIMATES. PRIVATE SECTOR IMPORTS: GENERAL BELT TIGHTENING, ARISING FROM SCARCITY OF FOREIGN EXCHANGE, WILL OFFSET AN ESTIMATED \$100 MILLION OF PREVIOUSLY UNRECORDED REMITTANCES IN KIND FOR THE DAME TOTAL WE HAD IN MARCH. PUBLIC SECTOR IMPORTS: ALTHOUGH WE HAVE RAISED OUR EARLIER ESTIMATE FROM WHAT WE NOW THINK WAS TOO LOW, LAGGING AND REDUCED DEVELOPMENT PROJECTS WILL KEEP THESE IMPORTS WELL BELOW THE GOP ESTIMATES.

## 15. EXPORT ASSUMPTIONS AND COMMENTS::

RAW COTTON: THE EARLY REPORTS OF A GOOD COTTON CROP SUGGEST AN EXPORT SURPLUS OF 800,000 BALES, RATHER THAN OUR EARLIER ESTIMATE OF 600,000 BALES, AT A PRICE OF AROUND \$.55 PER POUND. WE MAY REVISE THIS FIGURE UPWARD IF LATER CROP ESTIMATES SHOW A SURPLUS SUBSTANTIALLY HIGHER THAN OUR 800,000 FIGURE. COTTON YARN: WE FIND THAT WE OVERESTIMATED LAST YEAR'S EARNINGS AND HAVE SCALED DOWN OUR FIGURES ACCORDINGLY. RICE: RICE PRICES WILL CONTINUE THE STRENGTHENING BEGUN IN THE LAST QUARTER OF PFY1978/79 WHICH BROUGHT RICE EXPORTS TO \$340 MILLION FOR THE YEAR. OTHERS: INFLATION WILL SOMEWHAT INCREASE EARNINGS OVER OUR LAST ESTIMATE.

## 16. INVISIBLES ASSUMPTIONS AND COMMENTS::

FREIGHT AND INSURANCE : REMAIN ABOUT THE SAME AS IN OUR LAST ESTIMATE, I.E., 10 PERCENT OF TOTAL (FOB) IMPORTS. PRIVATE TRANSFERS: REMITTANCE INCREASES WILL CONTINUE TO DECELERATE AND PREVIOUSLY UNRECORDED REMITTANCES IN KIND WILL BE ABOUT \$100 MILLION. INTEREST: GOP NUMBERS HAVE NOT CHANGED FROM OUR MARCH ESTIMATE. OTHER INVISIBLES: WE HAVE EXTRAPOLATED FROM A FIVE-YEAR TREND LINE. WE FOUND THAT THROUGH MISAGGREGATION WE HAD BEEN CARRYING OTHER INVISIBLES AT ZERO WHEN IN FACT IT IS A POSITIVE AND GROWING BALANCE AND NOW APPROXIMATES \$100 MILLION

## 17. CAPITAL ACCOUNT ASSUMPTIONS AND COMMENTS::

GOVERNMENT INFLOWS: RECENT GOP DATA ON NON-PROJECT AID IS MORE ACCURATE THAN IT WAS IN MARCH, BUT PROJECT AID UTILIZATION WILL BE LOWER THAN THE GOP EXPECTS. IMF OIL FACILITY: THE MARCH FIGURE WAS NOT CONVERTED FROM SDR'S INTO DOLLARS. SDR'S: THE GOP WILL RECEIVE ITS ESTIMATED NEW ALLOCATION. DEBT RELIEF: WE HAVE INCLUDED ONLY ALREADY ARRANGED DEBT RELIEF. HUMMEL  
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INFO RUMJPG/AMEMBASSY BEIJING 647  
RUDKRB/AMEMBASSY BELGRADE 124  
RUEHGG/AMEMBASSY CAIRO 449  
RUMJGM/AMEMBASSY COLOMBO 1859  
RUEHUB/USINT HAVANA 322  
RUSBLK/AMEMBASSY KABUL 9702  
RUSBAE/AMEMBASSY NEW DELHI 1417  
RUQMHR/AMEMBASSY TEHRAN 5444  
RUEHDT/USUN NEW YORK 1841  
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C O N F I D E N T I A L ISLAMABAD 10704

F.O. 12065/ GDS 9/20/85 (HUMMEL, A.W) OR-M  
TAGS: PORG PK  
SUBJECT: (LOU) NAM SUV I-TWO PAKISTANI VIEWS

REF: STATE 244178

1. (C-ENTIRE TEXT)

2. PAK PRESIDENT ZIA, DURING ESSENTIALLY COURTESY CALL BY COMIDEASTFOR ADM CHEWNING, ACCOMPANIED BY A B, HELD FORTH ON NAM SUMMIT. ZIA SAID HE HAD BEEN HIGHLY IMPRESSED BY EXPERTNESS OF CUBAN LOGISTIC ARRANGEMENTS, ESPECIALLY ACCOMMODATIONS, AND MOVEMENT OF PEOPLE AND VEHICLES. HOWEVER, HE WAS DISMAYED AT THE REFLEXIVE RHETORIC USED BY EVERYONE, PARTICULARLY THE CONSTANT REFERENCES TO IMPERIALISM, COLONIALISM, SOCIALISM, ETC. ZIA THOUGHT THAT NON-ALIGNMENT WAS NOT A PROPER DESCRIPTION OF THE MOVEMENT, WHICH HAD DRIFTED VERY FAR FROM ITS ORIGINAL OBJECTIVES. ZIA SAID THAT PROBABLY EVERY ONE OF THE COUNTRIES THERE REPRESENTED HAD IN THE PAST IN ONE WAY OR ANOTHER BENEFITTED FROM U.S. ASSISTANCE, BUT FOLLOWING THE FASHION OF THE DAY NONE OF THEM HAD SEEN FIT TO MENTION THE U.S. IN ANY FAORABLE WAY. HE CONCLUDED IN A MILDLY CHIDING TONE THAT THE US. IS THE TORCHBEARER OF THE FREE WORLD, AND THEREFORE THE U.S. SHOULD EXAMINE ITS PRESENT POLICIES AND ACTIONS TO SEE HOW IT CAN PLAY A MORE VIGOROUS ROLE IN THE WORLD, IN SUPPORT OF ITS FRIENDS.

3. MR. IQBAL BUTT, DIR-GEN, MIN INFO, WHO HAD ACCOMPANIED THE ZIA ENTOURAGE TO CUBA, MADE MUCH THE SAME

POINTS IN A PRIVATE DISCUSSION WITH THE AMB. BUTT THOUGHT THAT THE CONFERENCE HAD COST THE SOVS IN NEIGHBORHOOD OF \$100 MILLION AND THAT IT HAD BEEN A GOOD INVESTMENT; THE NAM HAD BEEN SUCCESSFULLY TILTED TOWARD THEIR SIDE. HOWEVER BUTT WAS INCLINED TO TAKE SOME CREDIT FOR THE ROLE THAT PAKISTAN, AND OTHER MODERATES, HAD PLAYED IN COUNTERING COMMUNIST-BLOC EXTREMISM, BUT HE DID NOT DISPUTE THE AMB'S VIEW THAT THE CUBANS/SOVS HAD ACHIEVED ABOUT WHAT THEY EXPECTED TO ACHIEVE, BECAUSE THEY HAD STARTED WITH EXTREME POSITIONS THAT THEY DID NOT REALLY EXPECT WOULD PREVAIL. WHAT HAD BEEN ACCOMPLISHED, THE AMB THOUGHT, WAS TO FORCE OVERALL NAM POSITIONS BACK FROM THE PRO-SOVIET BRINK, BUT NOT SO FAR THAT THE CUBANS WERE DISAPPOINTED, AND NOT SO FAR THAT POSITIONS BECAME TRULY NON-ALIGNED.

4. COMMENT: BOTH ZIA AND BUTT ARE OF COURSE TELLING US WHAT THEY THINK WE WANT TO HEAR. AT THE SAME TIME BOTH ARE GENUINELY FRIENDLY TO US, AND WE THINK ZIA IN PARTICULAR WAS DISMAYED BY HIS FIRST EXPOSURE TO THE STYLE AND SUBSTANCE OF THE ORGANIZATION ON WHICH THEY HAD PINNED SO MANY HOPES, AND SO MUCH EFFORT TO GAIN ADMISSION. FOREIGN ADVISER AGHA SHAHI HAS LONG BEEN A STRONG ADVOCATE OF MOVEMENT AWAY FROM RELIANCE ON THE U.S. AND TOWARD MULTILATERAL ORGANIZATIONS. WE CAN HOPE THAT PRES. ZIA AND HIS TOP STAFF, BY THEIR DIRECT EXPERIENCE OF THE HARD FACTS OF NAM DISAGREEMENTS AND DISARRARY, WILL SHOW MORE REALISM THAN WE THINK AGHA SHAHI HAS SHOWN IN GOP POLICY-MAKING CIRCLES. HUMMEL

BT  
#0704



CONSULATE GENERAL OF THE  
UNITED STATES OF AMERICA

Karachi, Pakistan

MEMORANDUM OF CONVERSATION

DATE: September 29, 1979

SUBJECT: The Invertebrate; Baluchis Relax After Taraki Fall, Change in Iran; A Marri Deal with the MLA?; Begum Bhutto in Burka; Contesting for Local Bodies Winners' Loyalties; Zia's Preferences; Bureaucrats - Zia's Achilles Heel

PARTICIPANTS: Faiseh Iqbal, Editor, Baluchistan Times  
John S. Brims, POL/ECON Officer, Karachi

PLACE: Iqbal's Office, Quetta

COPIES TO: ISLAMABAD (2), LAHORE, PESHAWAR, KABUL, TEHRAN  
STATE - NEA/PAB, INR/RNA/SOA, INR/OIL/B

The Invertebrate

Faiseh Iqbal makes a point of knowing everyone. And he conveys, in a friendly but conspiratorial manner, the complete identity of his views with those of his current confidant, no matter who that may be, against the combined views of all those others that he knows. When one sees him together with people of differing opinions, he bends to them with a speed and flexibility that suggests a lack of spine. He is, in short, egregious, in both senses; gregarious, and conspicuous, bad or flagrant. But likable. And a good source of information, although some of it is far-fetched.

Baluchis Relax After Taraki Fall, Change in Iran

Faiseh said that the atmosphere in Quetta had relaxed since the fall of Afghanistan's Nur Mohammed Taraki, because the coup had undermined the base of the Khalqi revolution. As evidence, Faiseh cited a lieutenant colonel in the Afghan Army as his source for a report that the Taraki overthrow had split that Army.

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2.

Faiseh confirmed what others had told me about the change of attitude on the part of leftist Baluchis since the events of Sept. 14 in Kabul. Pakistan National Party President Ghaus Dux Bizenjo, for example, is said to be no longer a blatant apologist for the Democratic Republic of Afghanistan. It is as though Bizenjo's wave of the future had been seen suddenly to have spent itself out at sea. Faiseh said the Baluchis were happy to see Afghanistan weak. For their part, Pathan supporters of the DRA were reportedly furious with Amin, who had committed the unpardonable sin of disrespect for a great leader.

Events in Iranian Baluchistan had also gone well. Baluchis in Iran were said to have struck a deal with Ayattollah Khomeini, through the Baluchi Democratic Front, acknowledging a degree of autonomy in the Baluch province of Iran. Faiseh said there had not been a single incident in Iranian Baluchistan in six months. All Savak agents had been withdrawn. Baluchis had been given key jobs. All this has made the Baluch border of Iran and Pakistan quiet and further calmed Pakistan's Baluch leadership.

The failure of the Soviets to inspire unrest in Iranian Baluchistan, in fact the crackdown there on Soviet-oriented Baluchis, has led to these fellow travelers crossing into Pakistan. One who has come across is the poet Juma Khan, the man behind the Azad Baluchistan movement.

Meanwhile, the refugee exodus from Afghanistan continues. Since Sept. 15 over 25,000 have come into Baluchistan alone, in jeeps, in wagons pulled by tractors, on foot. Many are fleeing out of fear of Amin, others because of the approach of winter.

A Marri Deal with the MLA?

Faiseh said that President Zia-ul-Haq had lost credibility as a result of his frequent amendment of the electoral rules and his open cynicism about politics.

Faiseh had met Zia alone on Sept. 26 for after-dinner coffee. Zia had asked Faiseh for a reassessment of Baluchistan, with particular emphasis on the attitudes of Bizenjo and Khair Dux Marri. Faiseh told me he thought Zia has won over Marri. He claimed that Zia's close friend, Baluchistan Governor Mahim Uddin, plays squash with Marri and once shared with him, before independence, opposition toward partition. Faiseh

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pointed out that Marri had left for London a week ago after he received permission from the Martial Law Administration to leave Pakistan, and that his henchman Sher Mohammed Marri ("General Sheroff," the so-called Che Guevara of Baluchistan) himself was awaiting permission to leave the country. Their absence would coincide with the elections. The implication was that the two Marri's had made a deal with the MLA. Faiseh said that, at any rate, the Marri tribe was noticeably quiet right now. Further support for this theory, according to Faiseh, was the apparent falling-out between Khair Bux Marri, on the one hand, and Bizenjo and fellow PNP-member Attaullah Mengal, on the other. Faiseh thought Marri had never had much truck for Bizenjo, however, because he considered Bizenjo a commoner.

#### Begum Bhutto in Burka

Did I know, asked Faiseh, that Begum Bhutto had come incognito to Quetta during the late August meeting there of the Pakistan People's Party Central Executive? She arrived by plane, disguising herself by wearing burka. The same evening she met Khair Bux Marri in an unsuccessful attempt to try to persuade him to stir up trouble in Baluchistan. (Former Governor Akbar Khan Bugti, on whom I tried out this item as unsourced gossip, asserted that it was ridiculous. He said it was PPP General Secretary Farooq Laghari who had called on Marri. Bugti also shot down the story that Marri had gone to London a week before saying he had had dinner with him October 1 on the eve of Marri's departure.)

#### Contesting for Local Bodies Winners' Loyalties

Turning to the local bodies elections, Faiseh said that they had been rigged, but not by the Army. He implied that the bureaucrats and persons running the polls had connived with political parties and individual candidates to warp the results.

Faiseh thought that the PPP had won only 10 to 15 percent of the seats in Baluchistan, compared to 60 to 70 percent in Sindh and 45 percent in Punjab. Despite the PPP's success in most places, the party would not be able to rely on the persons who had won seats with its support. All of those backed by the PPP were youngsters. They may have obtained power through the Bhuttos but they will hold onto it through Zia.

Zia hopes, by giving them powers, to wean them away. Zia's scheme would work best, however, if there were no general elections, because provincial and national assemblies would detract from the local bodies' powers.

#### Zia's Preferences

Based on their conversation, Faiseh said that Zia favors the Tehrik-e-Istiqlal, the Pakistan Muslim League and the Jamaat-e-Islami. Zia specifically told Faiseh of the high regard he has for Asghar Khan. In addition, Zia spoke favorably of Mir Pagaro and Qayum Khan.

Zia struck Faiseh as thoroughly confident. The President boasted that he had many options. One of them, if the parties appeared too weak to govern, would be not to hold elections.

#### Bureaucrats - Zia's Achilles Heel?

Faiseh thought that the bureaucracy might desert Zia. He had noted earlier the help given by bureaucrats to the PPP in the local bodies elections. He explained that Zia is taking risks with the bureaucrats' allegiance, arousing their ire by appointing many military to positions in the civil service. Faiseh said, for example, that 32 Army brigadiers are serving as commissioners in Pakistan. Six of the 11 in Baluchistan are brigadiers.

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RUMJJK/AMEMBASSY DACCA 3528  
RUMJKA/AMEMBASSY JIDDA 893  
RUMJLK/AMEMBASSY KABUL 9748  
RUMJMR/AMCONSUL KARACHI 8871  
RUMJND/AMCONSUL LAHORE 6706  
RUMJNE/AMEMBASSY NEW DELHI 1493  
ZEM/AMCONSUL PESHAWAR  
RUMJHR/AMEMBASSY TEHRAN 5457  
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C O N F I D E N T I A L

LIMITED OFFICIAL USE SECTION 1 OF 2 ISLAMABAD 11449

R.L. 12065: NA  
TAGS: PINT, PCOV, SHUM, PK  
SUBJECT: (U) ELECTIONS '79: PNA-MLA DEAL ON ELECTIONS;  
PNA TO PARTICIPATE, DATE TO SLIP

REF: (A) ISLAMABAD 11821, (B) ISLAMABAD 11193, (C) ISLAMABAD 874  
(D) ISLAMABAD 11371, (E) ISLAMABAD 11576, (F) ISLAMABAD 11024  
(G) ISLAMABAD 11336, (H) ISLAMABAD 13009, (I) ISLAMABAD A-73

2 SUMMARY: MUFTI MAHMUD, CHIEF OF THE PAKISTAN NATIONAL ALLIANCE (PNA), TOLD EMBOFFS OCTOBER 7 THAT HE HAS "STRUCK A DEAL" WITH PRESIDENT ZIA UL-HAQ WHICH WILL PERMIT THE PNA TO PARTICIPATE IN GENERAL ELECTIONS. GOVERNMENT FREE RELEASE ON OCTOBER 7, PROMULGATING NEW SCHEDULE FOR PRE-ELECTION ARRANGEMENTS, CONFIRMS DETAILS OF THE "DEAL". MUFTI SAID THE AGREEMENT ALLOWS THE PNA TO BY-PASS THE "UNDEMOCRATIC" REGISTRATION PROCEDURE IMPOSED EARLY

BY ZIA. PARTIES WHICH HAVE MET THE FINANCIAL DISCLOSURE REQUIREMENTS NEED ONLY ANSWER A SIMPLE QUESTIONNAIRE IN ORDER TO BE PERMITTED ON THE BALLOT. MUFTI

EXPLAINED THAT THE NEW ARRANGEMENTS WILL COMPEL A SLIGHT DELAY FROM THE NOV. 17 DATE PREVIOUSLY ANNOUNCED FOR ELECTIONS, AND WHILE THEY COULD BE HELD IN LATE DECEMBER, HE PREFERS A MARCH 1984 DATE. THE "DEAL" PROVIDES NO RELIEF TO THE EFFECTIVELY-DISENFRANCHISED PAKISTAN PEOPLES PARTY (PPP), NATIONAL DEMOCRATIC PARTY (NDP), AND PAKISTAN NATIONAL PARTY (PNP). END SUMMARY.

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EMBOFFS MET OCT. 7 WITH PNA CHIEF MULANA MUFTI MAHMUD, A FEW HOURS AFTER THE MEDIA BEGAN CARRYING CRITICIZING REPORTS THAT A DEAL HAD BEEN STRUCK BETWEEN THE PNA AND THE PARTIAL LAW ADMINISTRATION (PLA) -- A DEAL WHICH WOULD ALLOW THE UNREGISTERED PNA TO PARTICIPATE IN THE PROMISED NOVEMBER ELECTIONS.

ACCORDING TO MUFTI, THE PNA HAS AGREED TO RESPOND TO A QUESTIONNAIRE FORMULATED BY THE ELECTION COMMISSION. THIS QUESTIONNAIRE PROCEDURE -- AS A SUBSTITUTE FOR "REGISTRATION" -- WAS THE BASIS OF MUFTI'S BARRAIN WITH PRES. ZIA, WHO WAS SEARCHING FOR METHODS OF BROADER PARTICIPATION IN THE ELECTIONS WHILE CONTINUING TO DENY THE PAKISTAN PEOPLES PARTY (PPP) A PLACE ON THE BALLOTS. THE QUESTIONNAIRE WILL BE SENT TO ALL PARTIES WHO HAVE REQUESTED AND RECEIVED GOP APPROVAL OF THEIR FINANCIAL STATEMENTS (REF. H)

MUFTI DEFINED THE SUBTLE DIFFERENCE BETWEEN THE NEWLY AGREED PROCEDURE AND PREVIOUS REGISTRATION AS BEING THE DIFFERENCE BETWEEN PETITIONING THE GOVERNMENT FOR A "LICENSE TO PARTICIPATE" AND MERELY SUBMITTING PARTICIPATION DATA ON THE PARTY. THE "LICENSE" PROCEDURE, HE SAID, WAS UNDEMOCRATIC IN THAT IT COULD BE WITHDRAWN AT ANY TIME. THE QUESTIONNAIRE, ON THE OTHER HAND, ASSUMES THE RIGHT OF PARTICIPATION BY ANY PARTY WHO MEETS MINIMAL REQUIREMENTS. MUFTI SAID ZIA REQUESTED HIM QUESTIONNAIRES FROM ALL PARTIES WHICH MET FINANCIAL STATEMENT REQUIREMENTS WOULD BE APPROVED. MUFTI WAS UNABLE TO SAY, HOWEVER, WHETHER THIS WOULD AFFECT ALL PARTIES EXCEPT THE PNA. ONLY 16 OF THE 56 PARTIES WHO SOUGHT REGISTRATION WERE, IN FACT, APPROVED.

MUFTI MAHMUD ALSO SAID HE RECEIVED A PROMISE FROM PRES. ZIA THAT THE CAMPAIGN PERIOD WOULD BE LENGTHENED TO 60 DAYS (FROM THE PREVIOUSLY PROMISED 50). THIS, MUFTI POINTED OUT, WOULD MAKE IT IMPOSSIBLE TO STICK TO THE NOVEMBER 17 ELECTION DATE. MUFTI SAID THAT PRES. ZIA COULD THEORETICALLY STILL MEET THE NOV. 17 DATE, BUT THE QUESTIONNAIRE PROCESS ALLOWS PARTIES A FEW ADDITIONAL DAYS TO GET THEIR PAPER WORK SUBMITTED, AND DELAY IS LIKELY. EMBOFFS NOTED NEWSPAPER SUGGESTIONS THAT LATE DECEMBER AS A POSSIBLE TIME FOR ELECTIONS, AND MUFTI AGREED THE PROCESS AND THE SIXTY-DAY CAMPAIGN COULD BE COMPLETED BY THE END OF THE MOURNING PERIOD (MUHARRAM (THIRD WEEK DEC.)); HE IMMEDIATELY ADDED THAT FOR MANY PARTS OF PAKISTAN DECEMBER ELECTIONS ARE "GOOD" DUE TO COLD WEATHER. HE THEN SAID WITH CONSIDERABLE FELLING THAT MARCH, 1984, LOOKED TO HIM LIKE THE BEST TIME-FRAME FOR THE ELECTIONS. AN AUTHORITATIVE ANNOUNCEMENT ON SCHEDULING, MUFTI SAID, WOULD BE FORTHCOMING FROM PRES. ZIA ON OCT. 8 OR 9.

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RUMJGM/AMEMBASSY COLOMBO 1873  
RUMJDK/AMEMBASSY DACCA 3529  
RUMRA/AMEMBASSY JIDDA 894  
RUSBLK/AMEMBASSY KABUL 9749  
RUSBKR/AMCONSIL KARACHI 8872  
RUSBQD/AMCONSIL LAHORE 6707  
RUSBAE/AMEMBASSY NEW DELHI 1494  
ZEN/AMCONSIL PESHAWAR  
RUMHR/AMEMBASSY TEHRAN 5458  
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6. EMOBFFS ASKED WHETHER MUFTI'S PROPOSAL THAT INDEPENDENT CANDIDATES BE REQUIRED TO GARNER A MAJORITY OF VOTES CAST TO BE ELECTED WAS STILL IN THE ELECTION RULES. HE CONFIRMED THAT ZIA WILL STICK BY HIS PREVIOUS AGREEMENT TO THAT PROVISION. HE ADDED THAT IT WILL ALSO REMAIN ILLEGAL FOR PPP MEMBERS (OR ANY OTHER NON-REGISTERED PARTY) TO RUN AS INDEPENDENTS IF THEY BELONGED TO THE PARTY TWO MONTHS PRIOR TO THE PASSAGE OF THE AMENDMENT (REF. 1). HE DID CONCEDE, HOWEVER, THAT IF NON-REGISTERED PARTY MEMBERS WISHED TO JOIN OTHER PARTIES (EVEN AFTER THE AMENDMENT), AND TO RUN ON THAT PARTY'S TICKET, THEY WOULD BE PERMITTED TO PARTICIPATE. SPECIFICALLY, HE CONCEDED THAT IF, FOR INSTANCE, PPP CANDIDATES WISHED TO JOIN THE PROGRESSIVE PEOPLES PARTY (KAUSER, NIAZI), THEY COULD DO SO AND CONTEND FOR SEATS.

7. EMOBFFS ASKED WHETHER MUFTI'S "DEAL" WITH ZIA WOULD PROVIDE ANY RELIEF FOR THE "DISENFRANCHISED" PPP, NATIONAL DEMOCRATIC PARTY (NDP), AND PAKISTAN NATIONAL PARTY (PNP). HE SAID, "LET THEM PETITION ZIA ON THEIR OWN-- I HAVE NO REASON TO FIGHT THEIR BATTLES FOR THEM". HE ALSO CONFIRMED THAT THE JAMAAT-I-ISLAMI (JI) IS PERMANENTLY EXCLUDED FROM THE PNA AND THAT NO PATCH-UP OF THAT QUARREL IS FORESEEN.

8. MORNING NEWSPAPERS OCTOBER 8, QUOTING MLA PRESS RELEASE, CARRY MUCH OF THE SUBSTANCE OF THE MUFTI-ZIA ACCORD AS GIVEN TO US PREVIOUS DAY. TEXT OF QUESTIONNAIRE IS PUBLISHED AND CONSISTS OF SIMPLE QUESTIONS ON NAME, DATE OF FORMATION, AND LISTING OF OFFICERS OF PARTY, ETC. MLA PRESS RELEASE OF 7TH ALSO SAYS POLLS WILL BE PROBABLY DELAYED BUT WILL BE HELD "WITHIN 1979".

9. COMMENT: IT APPEARS ZIA HAS ACHIEVED HIS GOAL OF INCLUDING PNA IN THE ELECTION PROCESS. THE OBVIOUS COST FOR DOING SO IS A DELAY IN HIS LONG-PROMISED ELECTION DATE-- A DELAY WE EXPECT TO BE MET WITH SOME GRUMBLING BUT NO VIOLENT OPPOSITION. NDP AND PPP LEADERS HAVE CRITICIZED THE DEAL, WHICH THEY CONTEND CORRECTLY BENEFITS OF THE PNA. THE REVISED SCHEDULE PRESENTS THE "OUT" PARTIES ADDITIONAL TIME TO PLAN STRATEGIES FOR EITHER PARTICIPATING (E.G., AS INDEPENDENTS) OR FOR DISRUPTING THE PROCESS. ZIA AND THE MLA HAVE LOST SOME ADDITIONAL CREDIBILITY IN THE PROCESS, BUT APPEAR AS OF NOW TO HAVE DETERMINED-- IF AT ALL POSSIBLE-- TO AVOID A LENGTHY GETTING THE ELECTIONS UNDERWAY. END COMMENT.  
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RUMHR/AMEMBASSY NEW DELHI 1496  
RUMPS/AMEMBASSY PARIS 3298  
RUMHR/AMEMBASSY TEHRAN 5459  
RUMQA/CINCPAC HONOLULU HI  
RUMJCS/SECDEF WASHDC  
RUMJCS/JCS WASHDC

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PLS ALSO PASS NIA FOR AMB HUMMEL; PACOM ALSO FOR POLAD

12065; RDS-1 10/08/75 (HAGERTY, H.G.) CR-P  
PEPR MPOL MNUC DCON PK  
SUBJECT: (U) PAKISTANI-US CONSULTATIONS IN WASHINGTON

(C) ENTIRE TEXT. THIS IS AN ACTION MESSAGE.

MFA DIRECTOR GENERAL (AMERICAS) BASHIR KHAN BABAR, HAS TOLD THAT THE PAKISTAN DELEGATION TO THE 15-16 OCTOBER TALKS IN WASHINGTON WILL BE HEADED BY FOREIGN ADVISOR AGHA SHAHI AND WILL INCLUDE LGEN MOHAMMAD JILANI, SECRETARY-GENERAL OF THE MINISTRY OF DEFENSE, MR. S. SHAHNAWAZ, FOREIGN SECRETARY, DR. TARIK HAFI, SECRETARY IN THE MINISTRY OF DEFENSE (DEFENSE PRODUCTION), AND 2-3 OTHERS FROM THE MFA. BASHIR, WHO IS AWAITING APPOINTMENT AS AMBASSADOR TO CANADA, WILL NOT ATTEND, BUT NAJMUDDIN KHAN, WHO IS NOW DIRGEN FOR SOUTH ASIA AND WHO IS SLATED TO BE KAYAT MEHDI'S REPLACEMENT AS MINISTER IN WASHINGTON, WILL BE PART OF THE DELEGATION.

BASHIR ASKED POLCOUNS 9 OCTOBER IF DEPARTMENT PLANS TO MAKE A PRESS RELEASE REGARDING TALKS; HE ALSO ASKED IF PLANS FOR TALKS ARE PUBLIC KNOWLEDGE IN US. HE INDICATED THAT THE MFA HAD PREPARED CONTINGENCY PRESS RELEASE BUT THAT HE HAD NOT RECEIVED FINAL APPROVAL AND DECISION HAD NOT YET TO BE MADE WHETHER OR NOT TO ISSUE ONE IN ANY EVENT. HE NOTED EARLIER REFERENCES TO DESIRE TO KEEP TALKS "LOW PROFILE." POLCOUNS RECALLED THAT AGHA SHAHI HAD ALREADY SAID PUBLICLY HE WOULD BE MEETING WITH VANCE BUT THAT AS FAR AS WE KNOW, THERE HAD BEEN NEITHER PRESS RELEASE NOR PRESS QUESTION ON THIS TOPIC. POLCOUNS ASKED BASHIR FOR TEXT OF MFA RELEASE ONCE IT IS APPROVED.

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4. COMMENT: WE HAD KNOWN, OF COURSE, FOR SOME TIME, PAKISTAN'S INTENTION TO HAVE JILANI ON THE DELEGATION; JILANI IS TO GO AS AGHA SHAHI IS TO THE MFA, I.E., DE FACTO MINISTER. SHAHNAWAZ'S INVOLVEMENT HAS BEEN AGAIN, ON-AGAIN, AS HIS OWN FUTURE IS CONFUSED BY REPORT OF AN IMMINENT AMBASSADORIAL ASSIGNMENT; ALL SIGNS POINT TO PARIS, AS A REPLACEMENT FOR AMBASSADOR ANHUND, BUT FRENCH AMBASSADOR ASSURED AMBASSADOR HUMMEL LAST WEEK THERE WAS NOW NO LIKELIHOOD OF THAT.

5. TARIQ MUSTAFA'S ADDITION IS NEWS. MUSTAFA IS WELL KNOWN IN THE PENTAGON AND ELSEWHERE AS SENIOR OFFICIAL WHO IS MOST KNOWLEDGEABLE ABOUT PAKISTAN'S WEAPONRY REQUIREMENTS. WE ASSUME HIS PRESENCE MEANS AT MINIMUM THAT THE DELEGATION, AT SOME POINT AND AT SOME APPROPRIATE LEVEL, WILL ACQUAINT THE US SIDE WITH DETAILS OF LONG-AWAITED CONSOLIDATED LIST OF MATERIAL NEEDS. END COMMENT.

6. ACTION REQUESTED: DOES DEPARTMENT PLAN A PRESS RELEASE ABOUT THE US-PAK CONSULTATIONS? IF SO, WILL THERE BE ANY EFFORT TO COORDINATE TEXT WITH PAKS?

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E.O. 12065: RDS-1 10/9/85 (COON, JAMES A.) NEA

TAGS: PEPR, MPOL, MNUC, OCON, PK

SUBJECT: (U) PAKISTANI-US CONSULTATIONS IN WASHINGTON

REF: ISLAMABAD 11467

1. (C - ENTIRE TEXT)

2. WE DO NOT PLAN TO ISSUE A PRESS RELEASE ABOUT US-PAK CONSULTATIONS. TALKS ARE PUBLIC KNOWLEDGE AND WE WILL PROMPTLY PREPARE CONTINGENCY PRESS GUIDANCE FOR USE NEXT WEEK. WE WILL COORDINATE ANY PRESS GUIDANCE WITH PAK EMBASSY IN WASHINGTON AND SEND IT TO YOU AND INFO POSTS BY IMMEDIATE TELEGRAM. VANCE

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RUQMRA/AMEMBASSY JIDDA 9000  
RUSBLK/AMEMBASSY KABUL 9761  
RUMJHT/AMEMBASSY KATHMANDU 1864  
RUSBKR/AMCOUNSL KARACHI 8900  
ZEN/AMCOUNSUL LAHORE 6720  
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RUEHMO/AMEMBASSY MOSCOW 1528  
RUSBAE/AMEMBASSY NEW DELHI 1518  
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C O N F I D E N T I A L ISLAMABAD 11679

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E.O. 12065: GDS 10/14/85(HAGERTY, H.G.) OR-P  
TAGS: PINT, PGOV, SHUM, PK  
SUBJ:(C) ELECTIONS-'79: MLA-PNA DEAL BREAKS DOWN

REF: ISLAMABAD 11542

1.(U) SUMMARY: THE "DEAL" BETWEEN PAKISTAN NATIONAL ALLIANCE CHIEF MUFTI MAHMUD AND PRESIDENT ZIA UL-HAQ-- WHICH, A WEEK AGO, APPEARED TO HAVE BROUGHT THE PNA INTO THE ELECTORAL PROCESS AND THE PROCESS ITSELF BACK ON THE TRACK-- CAME UN-STUCK OVER THE WEEKEND, THE 13 OCTOBER DATE FOR FILING ADDITIONAL NOMINATIONS PASSED WITH FEW IF ANY ADDITIONAL NOMINATIONS FROM PNA COMPONENTS BEING FILED AND WITHOUT A MOVE BY THE MARTIAL LAW ADMINISTRATION (MLA) TO REAFFIRM 17 NOVEMBER AS THE ELECTION DATE OR TO SET A NEW DATE.

2.(C) THE RESULT IS A NEW STAND-OFF BETWEEN AN THE ZIA GOVERNMENT AND THE OBSTREPEROUS BUT POLITICALLY WEAK PNA, A FURTHER LOSS OF CREDIBILITY BY THE GOVERNMENT AND BY THE POLITICAL PARTIES, AND THE LIKELIHOOD THAT ELECTIONS WILL BE POSTPONED BEYOND THE END OF THIS YEAR. BOTH THE MLA AND THE PNA ARE ASSIDUOUSLY ATTEMPTING TO TAG THE OTHER WITH THE BLAME FOR THIS SERIES OF EVENTS, ZIA IS HUDDLED AGAIN WITH HIS GENERALS IN PREPARATION FOR A SPEECH WHICH IS NOW BRUTIED FOR MID-WEEK, AND HIS CLUMSY HANDLING OF EVENTS MAY HAVE WEAKENED HIS OWN POSITION AS ARMY CHIEF AND CHIEF MARTIAL LAW ADMINISTRATOR. END SUMMAR

3. (U) THE EXTENDED DEADLINE FOR SUBMITTING NEW NOMINATION PAPERS FOR MEMBERS OF PARTIES NEWLY APPROVED FOR PARTICIPATION IN THE ELECTION PROCESS PASSED ON 13 OCTOBER WITH FEW IF ANY NEW NOMINATIONS HAVING BEEN FILED BY MEMBERS OF THE RUMP-PNA. THE DATE PASSED ALSO WITH NO NEW INDICATION FROM THE MARTIAL LAW ADMINISTRATION (MLA) OF ITS THINKING ON AN ELECTION DATE. PNA CHIEF MUFTI MAHMUD TOLD THE PRESS HE HAD ORDERED HIS ALLIANCE TO WITHOLD SUBMITTING NOMINATION PAPERS BECAUSE OF THE MLA'S REFUSAL TO REAFFIRM THE 17 NOVEMBER DATE OR TO SET A NEW ONE.

4.(C) THUS THE WEE ..... GENERAL ZIA, WHICH HAD APPEARED TO ENSURE PNA PARTICIPATION IN THE ELECTION PROCESS CAME UN-STUCK, A NEW CONFRONTATION BETWEEN THE MLA AND THE POLITICAL PARTIES LOOMED, AND THE EARLY LIKELIHOOD OF GENERAL ELECTIONS FURTHER DIMMED.

5.(C) MEANWHILE, PRESIDENT ZIA WAS REPORTED 14 OCTOBER TO HAVE HUDDLED OVER THE WEEKEND WITH HIS CORPS COMMANDERS/ PROVINCIAL GOVERNORS TO ASSESS THE POLITICAL AND THE LAW AND ORDER SITUATIONS -- FORMULATION FREQUENTLY USED TO INDICATE THE GOVERNMENT

IS ASSESSING THE LAW AND ORDER IMPLICATIONS OF POSSIBLY UNPOPULAR DECISIONS. NO SUBSTANTIVE REFERENCE WAS MADE TO ELECTIONS IN PRESS ACCOUNTS OF THE MEETINGS, BUT THERE IS HEIGHTENED SPECULATION THAT ZIA WILL TAKE TO THE AIRWAYS AT MID-WEEK -- THE 17TH IS BRUTIED -- TO ANNOUNCE HIS PLANS. AS IF TO HINT AT WHERE HE WILL COME DOWN, THE GOVERNMENT-OWNED PAKISTAN TIMES THIS MORNING UNRLED OUT THE DESIRABILITY OF ELECTIONS IN A LONG AND THOUGHTFUL EDITORIAL HEADED, "WHAT IS THE WAY OUT?"

6.(U) THE EDITORIAL RUMINATED THAT A TRANSFER OF POWER TO CIVILIAN RULE, WITH SO THIN AN EXPERSION OF POPULAR OPINION AS THE LIMITED NUMBER OF PARTIES NOW IN THE RUNNING MAKES LIKELY, COULD RESTORE THE CHAOS WHICH PROMPTED THE MILITARY TAKEOVER TWO YEARS AGO. THE PARTIES IN POWER WOULD BE UNABLE TO CONTROL

EVENTS, AND THE ARMY WOULD BE UNRELIEVED OF ITS OBLIGATIONS TO KEEP ORDER." IT IS THEREFORE ABOUT TIME THE PAPER SIAD, " TO FACE THE MOMENT OF TRUTH AND CANDIDLY ACKNOWLEDGE THAT THE POLITICAL PROCESS IS NOT YET RIPE ENOUGH TO CRYSTALIZE INTO A POSITIVE SHAPE." THE PAPER WENT ON TO SUGGEST THAT THE ONLY WAY " OUT OF THIS MESS IS TO MAKE A FRESH, AND DIFFERENT, START, INDEED MAKE A DETERMINED ATTEMPT AT DEVISING A POLITICAL SYSTEM SUITABLE TO THE NATIONAL GENIUS." NO DETAILS OF SUCH A SYSTEM ARE NOTED, BEYOND THE SUGGESTION THAT IT SHOULD SOMEHOW BE MORE ATTUNED TO ISLAM.

7.(C) COMMENT: EARLY ELECTIONS -- ELECTIONS THIS YEAR -- APPEAR TO BE THE IMMEDIATE CASUALTY OF THE POLITICAL OCKEYING WHICH HAS TAKEN PLACE DURING THE LAST TWO WEEKS. OTHER CASUALTIES ARE THE CREDIBILITY OF THE PRESIDENT, OF THE PARTY SYSTEM, AND OF THE PUTATIVE ELECTORAL PROGRAM ON WHICH THE NATION HAS BEEN HALTINGLY EMBARKED SINCE ZIA ANNOUNCED AN ELECTION DATE LAST MARCH.

8.(C) ZIA NOW SEEMS POISED ON THE BRINK OF A MOMENTOUS DECISION, PERHAPS -- AS HE HAS HINTED EARLIER IN PRIVATE -- TO EXTEND HIS MARTIAL LAW REGIME INDEFINITELY WHILE THE MILITARY LEADERSHIP AGAIN TRIES TO FIGURE OUT A WAY TO RESTORE CREDIBLE AND RESPONSIBLE CIVILIAN GOVERNMENT.

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C O N F I D E N T I A L ISLAMABAD 11816

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F.O. 12065: GDS 10/17/85 (SHERMAN, RICK) OR-P  
TAGS: PINT PGOV PINR PK SHUM  
SUBJECT: (C) MLA MOVES TO IMPLEMENT TOUGHER MARTIAL LAW SYSTEM

REFS: (A) ISLAMABAD 11787 (B) ISLAMABAD 11813 (C) KARACHI 5893(NOTAL)

1. (C) ENTIRE TEXT. PARAGRAPH 10 ONLY NOFORN

2. SUMMARY: IN THE EIGHTEEN HOURS SINCE PRES ZIA UL-HAQ ANNOUNCED HIS DECISION TO PUT OFF INDEFINITELY THE ELECTIONS PROMISED FOR NOV 17 AND TO TOUGHEN THE APPLICATION OF MARTIAL LAW HIS GOVERNMENT'S ACTIONS HAVE BEEN SWIFT AND DRAMATIC. MANY POLITICAL LEADERS HAVE BEEN PLACED UNDER HOUSE ARREST AND AT LEAST TWO NEWSPAPERS HAVE BEEN CLOSED OWN. PUBLIC REACTION, THUS FAR, IS CLAM.

3. ZIA'S SPEECH--AND THE QUICK IMPLEMENTATION OF THE CHANGES HE ANNOUNCED--APPEARS TO DELIMIT THE INTIAL PHASE OF ZIA'S BRAND OF "INTERIM" MARTIAL LAW.OO

PROMISES TO BE MORE STRINGENT. END YQMARRY.

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4. THE MARTIAL LAW ADMINISTRATION (MLA OF PRESIDENT ZIA UL-HAQ HAS MOVED QUICKLY TO IMPLEMENT THE ACTIONS THE PRESIDENT ANNOUNCED IN HIS SPEECH ON OCTOBER 16. PUBLIC REACTION IS CALM, IF SOMEWHAT SHOCKED BY THE SWEEPING NATURE OF THE MOVES INTENDED BY THE MLA.

5. POLITICIANS DETAINED: IMMEDIATELY FOLLOWING THE ZIA SPEECH, THE TQA APPARENTLY BEGAN TO ROUND UP POLITICAL LEADERS FROM ALL SECTORS OF THE POLITICAL SPECTRUM, PUTTING THEM UNDER HOUSE ARREST, AT THEIR HOMES FOR PERIODS OF THREE MONTHS. ASGHAR KHAN, HEAD OF THE TEHRİK-I-ISTİQLAL (TI) WAS ARRESTED IN LAHORE AROUND MIDNIGHT AND TRANSFERRED TO HIS HOME IN ABBOTTABAD. BEGUM NUSRAT BHUTTO AND HER DAUGHTER BENAZIR, AS WELL AS OTHER PAKISTAN PEOPLES PARTY (PPP) LEADERS, WERE PLACED UNDER HOUSE ARREST IN KARACHI AND LAHORE. OTHERS RECEIVING SIMILAR TREATMENT: MIAN TUFAIL, AMIR OF JAMAAT ISLAMI (JI); NAWABZADA NASRULLAH KHAN, VICE PRESIDENT OF THE PAKISTAN NATIONAL ALIANCE PNA; MAULANA MUFTI MAHMUD, PRESIDENT OF THE PNA; AND HANIF RAMAY OF THE MUSAWAI PARTY. THE FATE OF OTHER LEADING POLITICIANS INCLUDING PAKISTAN MUSLIM LEAGUE LEADER PIR OF PAGARA, PAKISTAN NATIONAL PARTY CHIEF, MIR GHAUS BIZENJO, AND NATIONAL DEMOCRATIC PARTY LEADERS IS NOT CLEAR AT THIS TIME.

6. PUBLICATIONS CLOSED: REFLECTING THE THREAT OF CENSORSHIP, INDEPENDENT PAPERS LIKE ISLAMABAD'S "MUSLIM" PUT OUT FAIRLY "TAME" EDITIONS OCTOBER 17. IN ANOTHER QUICK MOVE, THE MLA CLOSED TWO PPP NEWSPAPERS, "MUSAWAT" AND "SADAQAT" IN LAHORE AND KARACHI. OTHER AVOELEDY ANTI-MLA PAPERS PUBLISHED OCTOBER 17 BUT FURTHER CLOSURES ARE EXPECTED.

7. POLITICAL PARTY OFFICES CLOSED: THE MLA REPORTELY ALSO MOVED DURING THE NIGHT OF OCT 16/17 TO CLOSE OFFICES OF POLITICAL PARTIES THROUGHOUT THE COUNTRY AND TO IMPOUND PARTY ASSETS.

8. PRE-SPEECH VIBRATIONS: IN THE HOURS PRECEEDING THE ZIA SPEECH, EMBOFFS HAD DISCUSSIONS WITH GENERAL (AND FEDERAL MINISTER) FAIZ ALI CHISHTI AND PML CHIEF PIR OF PAGARA. GENERAL CHISHTI TOLD DEPARTING A/ARMA AT RECEPTION THAT ZIA WOULD "SUSPEND" THE CONSTITUTION (APPARENTLY FERRING TO CREATION OF MARTIAL LAW COURTS WITH PRIMACY IN JUDICIAL MATTERS); OTHER POINTS NOTED REFTEL (A) AND IN ZIA SPEECH. CHISHTI SAID HE HAD "HELPED" DRAFT ZIA'S SPEECH THAT MLA HAD BEEN "TOO LENIENT", AND THAT HE FELT THESE MEASURES WERE "LONG OVERDUE". CHISHTI ALSO REMARKED THAT HE WOULD BE SEEN AT ZIA OCT 17 IN CONNECTION WITH CHANGES IN MLA.

9. IN A MEETING EARLY IN THE DAY (OCT 16) PIR PAGARA TOLD EMBOFF THAT LIKE EVERYONE ELSE, HE EXPECTED ZIA WOULD CANCEL ELECTIONS. HE ALSO SAID HE BELIEVES ZIA WILL ATTEMPT EVENTUALLY TO FORM A "NATIONAL GOVERNMENT" (NG) WHICH WILL RULE THE COUNTRY UNTIL THE TIME IS RIPE FOR ELECTIONS (LATE 1981 OR 1982). CONSTITUENTS OF SUCH A NATIONAL GOVERNMENT, PAGARA THOUGH, WOULD INCLUDE PRIMARILY ELEMENTS OF THE CENTER OF THE POLITICAL SPECTRUM--INCLUDING HIMSELF--GROUPED AS ONE PARTY. PAGARA PREDICTED ZIA WOULD NOT ANNOUNCE THE NG PLANS ON OCT 16, AS "HE DOES NOT HAVE THE COURAGE," PAGARA SAID TO ANNOUNCE ALL HIS PLANS AT ONCE.

10. COMMENT: ANALYSIS OF THE IMPLICATIONS OF ZIA UL-HAQ'S DRAMATIC MOVES WILL FOLLOW SEPTEL. AT THIS POINT THE INTENT OF THE CHANGES IS TO STRENGTHEN MARTIAL LAW AND CREATE SOME IMPOSED ORDER OUT OF THE CONFUSION AND UNCERTAINTY OF RECENT WEEKS AND MONTHS. PIR PAGARA'S PROPHECY OF ZIA'S INTENDED NATIONAL GOVERNMENT PLANS IS REFLECTED IN RECENT SRF (AND OTHER) REPORTING, WHICH ALSO SUGGESTS THAT THIS WILL INCLUDE AT LEAST A SYMBOLIC WITHDRAWAL OF THE MILITARY FROM POSITIONS OF POWER AND/OR A WITHDRAWAL FROM THE MILITARY OF THOSE--INCLUDING POSSIBLY ZIA HIMSELF--WHO WILL ADMINISTER THE NEW REGIME.

11. CLEARLY, PHASE ONE OF THE POST-BHUTTO MARTIAL LAW ADMINISTRATION--AN AVOELEDY INTERIM REGIM, DESPITE ITS 28 MONTHS AT BAT--IS NOW OVER. PHASE TWO IS DAWNING AS PAKISTAN'S 75 MILLION PEOPLE PROCEED NORMALLY ABOUT THEIR BUSINESS ON THE MORNING OF OCTOBER 17. NO DISTURBANCES HAVE BEEN REPORTED, BUT THERE IS LITTLE DOUBT THAT ANY WHO CONTEMPLATE SUCH EXTRA-LEGAL ACTIONS WILL FIND THEMSELVES AT ODDS WITH A DETERMINED AND HARSHER MARTIAL LAW ADMINISTRATION. RITUAL BOWS TO EVENTUAL ELECTIONS NOTWITHSTANDING, PHASE TWO WILL BE MORE AUTHORITARIAN, AND THOSE IN CONTROL CLEARLY ENVIAGE LONG ENOUGH INNINGS TO EFFECT (OR ATTEMPT) POSSIBLY FUNDAMENTAL CHANGES IN THE POLITICAL, SOCIAL, AND ECONOMIC TOPOGRAPHY OF THIS POOR AND UNCERTAIN NATION.

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us a specific report of arms running. He said that a group of left-wing members of the Marri tribe and foreigners believed to be East Europeans had passed through Sarawan, Jahalawan and Kalat districts this summer, distributing Kalashnikovs and other weapons, plastic explosives, money and provisions. The travelers were said to have forecast war in the near future between Afghanistan and Pakistan, urging those to whom they gave arms to store them until hostilities and then use them against Pakistani supply lines.

#### PPP Makes a Dent in Baluchistan

11. Another conclusion from our talks in Baluchistan is that the local bodies elections held there September 27 left the province divided between a resurgent Pakistan People's Party and still-powerful sardars, although some observers claimed that the sardars as an institution actually took a beating.

12. It was generally conceded that the PPP did what it failed to do during Bhutto's life, make a respectable showing in Baluchistan. Even opponents of the PPP said that its members won about 15 percent of the seats. (The PPP itself claimed a doubtful 50 to 60 percent.) The party's most talked-about successes occurred in strongholds of the PNP's top leaders with the PPP taking the majority of the seats in Mekran (Bizenjo's home district) and Lasbella (Attaullah Mengal's).

13. The strength of the sardars was manifest in the lands belonging to the Marri and Bugti tribes, where the people simply refused to allow the polls to take place. In tribal areas where voting did occur, a group of important sardars (Doda Khan Sarakzai, Nabi Bux Zehri, Sheikh Umer, Taj Mohammed Jamali and Nawabzada Sher Ali Khan), who are supporting the Martial Law Administration, took active part, and their nominees won a good number of seats.

14. The real winners of the local bodies elections, however, may be the relative unknowns who defeated established figures or their candidates in virtually every corner of the province. Many of these new faces belong to the PPP. President Zia-ul-Haq can be expected to try to undermine their loyalty by awarding them powers and influence. To avoid this possibility, the PPP is said to have chosen candidates who had suffered at the hands of the MLA.

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15. Several persons remarked that the victory of so many unknown persons was a blow to the sardars as an institution, because in numerous instances tribes voted against their own leaders. The Khan of Kalat said that a new generation of nationalists is emerging, fed up with the failure of the old leadership and prepared to look to outside sources for help. He noted that, in the report of the group traveling through Baluchistan distributing arms, it was significant that the persons with whom the group was in touch were not well-known leftists like "General" Sheroff Marri but low-level tribesmen. He thought the by-passing of the leaders was more dangerous because it would be more difficult for the government to monitor the activities of widely-scattered tribesmen than a few prominent persons.

#### The Question of Elections ...

16. Zia had visited Quetta just two days before our arrival. He is known to have met publicly and privately with over 50 prominent citizens of the province, mostly as members of the group to whom he made his well-publicized remarks casting doubt on the schedule for the elections (Islamabad 11036). Dubbed "the notables" by local residents, the members of this group were for the most part carefully selected supporters of the MLA. Of 20 allowed to question Zia, 19 called on him to cancel the elections and remain in office.

17. During a confidential conversation with Faiseh Iqbal, the editor of the Baluchistan Times, Zia was said by Iqbal to have asked for a reassessment of Baluchistan, with particular emphasis on the attitudes of Bizenjo and Khair Bux Marri. Iqbal concluded that Zia had made a deal with the Marris, stating in support of this hypothesis the fact that the MLA recently gave permission to both Khair Bux Marri and General Sheroff to leave the country. Hashim Ghilzei, President of the NDP in Baluchistan, alleged that Zia has also bought off the radical Baluchistan Students Organization. He said that the Federal Intelligence Agency has hired eight members of the BSO and that the provincial government set up an organization one month ago to find jobs for Baluchi students.

18. Whether or not Zia has made any such deals, he appears to have prepared people of Baluchistan psychologically for an announcement postponing or even canceling the elections. Most people with whom we spoke were convinced elections would not take place. They disagreed, however, whether this would lead to confrontation between the province and the MLA.

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... and Confrontation

19. Leaders of the pugnacious Hazara tribe, which makes up a significant part of the population of Quetta, believed that the non-participation of the PPP, NDP and PNP would effectively disenfranchise Baluchistan's voters, so that, if the elections were held with only the present line-up of parties, the people of Baluchistan would rebel. Former Governor Nawab Akbar Khan Bugti said that the people are fed up with martial law and would react violently were an effort made to prolong it. Ghulam Sarwar Khan, a former member of the PPP who was recently elected unopposed to the District Council in Pishin, thought the parties would come out on the streets if elections were not held.

20. Those who thought no confrontation would occur argued that the tribesmen who bore the brunt of the insurgency against Bhutto from 1973 to 1977 had suffered enough and were too tired to return to their mountain hideouts. Bugti himself suggested a reason confrontation might not prove successful. He said that the Pakistan National Alliance, which had spearheaded the successful opposition to Bhutto in the spring of 1977, would not take to the streets because the overthrow of the MLA would benefit only the PNA's opponent, Bhutto's PPP. Mohammed Saleh Mandokhel, a long-time associate of Wali Khan and Deputy Secretary General of the NDP, said that his party would not join other parties in confronting the MLA because the NDP does not oppose Zia, who unlike Bhutto had done nothing against the NDP's leaders. Finally, most of our contacts doubted the ability of the PPP to organize an effective protest.

21. We are inclined to agree with those who discount the likelihood of a serious threat to the MLA arising from Baluchistan because we find their reasons more persuasive than the simple assertions of others that there would be confrontation. We do not mean that no violence would occur, only that the MLA should be able to contain it.

Attitudes toward the U.S.

22. Despite the apparent lessening of tension over Afghanistan, attitudes toward the U.S. remain waspish. As a people, Americans continue to enjoy the friendship and sympathy of the majority of people to whom we spoke. But recent actions by President Carter to project a stronger U.S. presence in the Indian Ocean and the Near East have failed to alter the belief that the U.S. has lost ground in the competition with the USSR. For exam-

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5. The Home Secretary, a tough ex-Colonel charged with responsibility for the security of Baluchistan, criticized the U.S. for not anticipating changes in Afghanistan and for not doing something to head them off. He and others remained bitter about U.S. opposition to Pakistan's development of nuclear technology, which they confusedly called peaceful while asking why we did not want Pakistan to have the bomb. Umer Khan Afridi, the provincial Secretary for Planning and Development, was troubled by the instability of the sub-continent and the general sense that the U.S. was indecisive while the USSR was on the offensive. Bugti lectured us on our failure to support allies.

6. Nevertheless, we found that many of the criticisms were based on misinformation and, when presented with the facts, the critics were prepared to accept the possibility they were wrong. There was, for instance, general satisfaction with the U.S. role in the mid-East peace talks, and even a concession that the Palestinian Liberation Organization ought to recognize Israel. And while some thought that the U.S. should help the mujahideen against the regime in Kabul, others agreed that it was wiser not to interfere. About the only specific suggestion we received for U.S. help was from the winner of the District Council seat in Pishin. He urged us to direct our economic assistance to the development of the tribal areas, in order to weaken the appeal the Afghanistan government has with its call for a greater Pakistan. A modest suggestion, from a self-interested source.

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 00 RUEKOR/AMEMBASSY TERRAN IMMEDIATE 5018  
 00 RUEKOD/AMEMBASSY ISLAMABAD IMMEDIATE 7823  
 00 RUEKRE/AMEMBASSY NEW DELHI IMMEDIATE 1772  
 00 RUEKDE/AMEMBASSY DARGA IMMEDIATE 0657  
 00 RUEKJPE/AMEMBASSY BEIJING IMMEDIATE 0225  
 00 RUEKLE/AMEMBASSY KABUL IMMEDIATE 0170  
 00 RUEKHAM/AMEMBASSY MANAMA 0800  
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 00 RUEKTI/AMEMBASSY TRIPOLI 0207  
 00 RUEKLE/AMEMBASSY SUIS 5707  
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 00 RUEKEDT/USMISSION USEN NEW YORK 0111  
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SUBJECT: DEPARTMENT PRESS BRIEFING - OCTOBER 17

01. DO YOU HAVE ANY COMMENT ON THE PAKISTANI LEADERSHIP'S  
 POLICY OF ELECTIONS AND THE CRACKDOWN ON POLITICAL PARTIES,  
 PRESS, AND THE PRESS?

02. THE UNITED STATES HAS, ON A NUMBER OF OCCASIONS,  
 SAID THAT WE HOPE PAKISTAN WILL HAVE DEMOCRATIC  
 ELECTIONS AT AN EARLY DATE AND RETURN TO CIVILIAN RULE.  
 WE ARE THEREFORE, DEEPLY DISAPPOINTED OVER GENERAL ZIA'S  
 ANNOUNCEMENT THAT ELECTIONS HAVE BEEN INDEFINITELY POST-  
 PONED AND THAT MARTIAL LAW REGULATIONS WILL BE IMPOSED  
 ON POLITICAL ACTIVITIES. THIS IS A POSITION ABOUT WHICH  
 THE PAKISTANIS ARE VERY AWARE. WE HAVE REAFFIRMED THIS  
 POSITION TO THEM.

03. WHEREBY IN THE TALKS YESTERDAY?

04. LET ME JUST SAY THAT WE HAVE REAFFIRMED IT. I WOULD  
 ALSO ADD THAT OUR CHANGE IN ISLAMABAD HAS ALSO MADE OUR  
 POSITION KNOWN TO THE GOVERNMENT OF PAKISTAN.

05. DOES THIS HAVE ANY EFFECT ON ANY PENDING REQUESTS  
 FOR ARMS OR ANYTHING ELSE?

06. NO. AS YOU KNOW, THE UNITED STATES HAS NOT PROVIDED  
 DEVELOPMENT AID TO PAKISTAN THAT IS TO SAY, NEW  
 DEVELOPMENT AID. I'M NOT GOING TO SPEAK OF ANYTHING THAT  
 IS IN THE LINE -- SINCE WE INVOKED THE SYMINGTON  
 AGREEMENT LAST APRIL. WE ARE CONTINUING TO PROVIDE FOOD  
 TO HUNGRY PEOPLE. WE EXPECT, FRANKLY, TO CONTINUE THAT  
 ON THIS BASIS. AS FAR AS ANY MILITARY ASSISTANCE, I  
 HAVE NO PLANS TO PROVIDE THAT.

07. ISN'T THIS AN INTERVENTION IN THE INTERNAL AFFAIRS  
 OF A FOREIGN COUNTRY, TO MAKE SUCH A STATEMENT?

08. NO. I CAN GIVE YOU THE STANDARD REFRAIN, WHICH  
 IS THAT AS SIGNATORIES TO A NUMBER OF DOCUMENTS WHICH  
 THE TREATY HAS WITH VIRTUALLY ALL NATIONS, WE DO HAVE BOTH  
 THE RESPONSIBILITY AND THE RIGHT TO COMMENT ON THESE LINES.

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C. ON THESE TALKS, I GUESS WHICH ARE WINDING UP TODAY, THAT NIGHT --

A. YES, I THINK THIS AFTERNOON, JIM.

C. YESTERDAY WE WERE TOLD THAT THEY FOCUS ON PAKISTAN SECURITY CONSIDERATIONS. DOES THAT INCLUDE A REQUEST FOR MILITARY ASSISTANCE FROM THE UNITED STATES?

A. LET ME SAY THAT INsofar AS WHAT HAS COME OUT OF THOSE MEETINGS, I'M NOT GOING TO HAVE ANYTHING SPECIFIC TO REPORT OF HEADOUT ON WHAT THE DISCUSSIONS ARE. I MAY

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U.S. GOVERNMENT PRINTING OFFICE: 1977-225-323

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SECSTATE WASHDC

RUHAM/AMEMBASSY AMMAN IMMEDIATE 1007

RUHBE/AMEMBASSY BEIRUT IMMEDIATE 9589

RUHCG/AMEMBASSY CAIRO IMMEDIATE 5823

RUHDM/AMEMBASSY DAMASCUS IMMEDIATE 7255

RUHJH/AMCONSUL JERUSALEM IMMEDIATE 2635

RUHKA/AMEMBASSY JERUSALEM IMMEDIATE 1203

RUHTV/AMEMBASSY TEL AVIV IMMEDIATE 7148

RUHGR/AMEMBASSY TEHRAN IMMEDIATE 5919

RUHGD/AMEMBASSY ISLAMABAD IMMEDIATE 7020

RUHBAE/AMEMBASSY NEW DELHI IMMEDIATE 1773

RUHJDA/AMEMBASSY DELHI IMMEDIATE 9558

RUHJG/AMEMBASSY BEIJING IMMEDIATE 7225

RUHJL/AMEMBASSY KARAI IMMEDIATE 3177

RUHMAN/AMEMBASSY MAFAM 5200

RUHJF/AMEMBASSY RAJAH 4334

RUHJNB/AMEMBASSY SALA 6176

RUHJII/AMEMBASSY TRIPOLI 2009

RUHJER/AMEMBASSY TUNIS 5798

RUHJEN/USMISSION SI AI 2399

RUHJEN/AMCONSUL DHAKA 4158

RUHJGV/USMISSION GENVA 3874

RUHJHM/AMEMBASSY KHARTOUM 5817

RUHJIC/AMEMBASSY LONDON 9543

RUHJMG/AMEMBASSY MOSCOW 7652

RUHJNA/USMISSION OSNATO 2182

RUHJNPS/AMEMBASSY PARIS 1004

RUHJNRO/AMEMBASSY ROME 3487

RUHJNFT/USMISSION USON NEW YORK 8113

RUHJNMBI/AMEMBASSY ABU DHABI 5274

RUHJNAD/USINY BATELAI 2012

RUHJNMOD/AMEMBASSY DOHA 31

RUHJNNEW/AMEMBASSY KUWAIT 6585

RUHJNBOL/AMEMBASSY BORN 5237

RUHJN JCS/ SECDEF WASHDC 5820

RUHJNIA/ CIA WASHDC 4320

RUHJNADWN/ NSC WASHDC 3772

RUHJNIA/USICA WASHDC

RUHJNAAA/USCINCPAC VAHINGEN 02

RUHJN/AMEMBASSY ALGERIA FOUH

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CONFIDENTIAL

LIMITED OFFICIAL USE SECTION 02 OF 05 STATE 271799/02

CINCINNATI FOR POLAD, TEL AVIV FOR PAO, DELIVER BY 9 A.M.

HAVE SOMETHING FOR YOU LATER, AT THE CONCLUSION OF TODAY.

Q. WELL, WILL THE PAKISTANI DECISION ON MARTIAL LAW AFFECT ANY AMERICAN DECISION ON PAKISTAN SECURITY CONSIDERATIONS?

A. I DON'T WANT TO SPECULATE ON SOMETHING WHICH I CAN'T EVEN CONFIRM HAS ARISEN; I.E., A SPECIFIC SET OF REQUESTS. IT'S A PERFECTLY GOOD QUESTION. HOW ABOUT ASKING ME THAT AFTER WE DO A READOUT ON THE MEETINGS, AND THEN WE'LL SEE WHAT WE CAN DEVELOP FROM THERE. I DON'T HAVE ANYTHING TO OFFER ON THAT NOTION RIGHT NOW.

Q. DOES YOUR STATEMENT INTEND TO IMPLY DISMISSAL OF THE REASONING CITED BY THE PAKISTANI GOVERNMENT FOR CONTINUING MARTIAL LAW AND PUTTING OFF ELECTIONS?

A. NO. I'M NOT GOING TO TRY TO DEAL WITH THE RATIONALE FOR THE POSTPONEMENT. THE POSITION I HAVE ANNOUNCED WAS TO SPEAK FOR ITSELF.

Q. HAVE YOU EVIDENCE THAT THE WORK ON THE NUCLEAR PAKISTANI PLANT HAVE BEEN STOPPED RECENTLY, AS WAS SAID IN THE PRESS LAST WEEK?

A. I HAVE NO INFORMATION ON THAT. I DON'T.

Q. HAS CHINA EVER INTERCEDED ON BEHALF OF PAKISTAN TO REQUEST THAT WE RECONSIDER GRANTING MILITARY AID?

A. I WOULDN'T DEAL WITH ANY OF OUR DIPLOMATIC CONVERSATIONS.

Q. YOU PUT A FRAMEWORK AROUND THE QUESTION THAT YOU ANSWERED, THAT YOU ARE NOT GOING TO COMMENT ON THE RATIONALE FOR THE PAKISTANI ACTION. THE AMERICAN REACTION CERTAINLY HAS TO HAVE PARAMETERS, SO WHAT ARE THOSE IN CONNECTION WITH WHAT IS HAPPENING IN PAKISTAN AT THE MOMENT?

A. MY PARAMETER IS WHAT WE'VE STATED, I GUESS, REPEATEDLY, SINCE THE TIME OF THE MILITARY TAKEOVER IN PAKISTAN WHEN ALL CAME IN, WHICH IS THAT WE HOPED FOR A RETURN TO DEMOCRATIC RULE. UNVIOUSLY HERE A DEFERMENT OF THE DATE AND THE REIMPOSITION OF MARTIAL

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1. WHO WILL THE OTHER PARTICIPANTS BE?  
2. THE USUAL PARTICIPANTS AT THAT LEVEL.  
3. WELL, DAYAN, FROM ISRAEL, FOR EXAMPLE?

4. IT WILL DEPEND. THESE ARE THE CONTINUATION OF THE TALKS ON AUTONOMY, SO THAT THE PARTICIPANT THERE IS BURGH.

5. MR. BURGH?

#1799

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 RUEBHG/AMEMBASSY CAIRO IMMEDIATE 5924  
 RUEBHDH/AMEMBASSY DAMASCUS IMMEDIATE 7299  
 RUEBHM/AMCONSUL JERUSALEM IMMEDIATE 2636  
 RUEBHS/AMEMBASSY JIDDA IMMEDIATE 1604  
 RUEBHTV/AMEMBASSY TEL AVIV IMMEDIATE 7141  
 RUEBHC/AMEMBASSY TEHRAN IMMEDIATE 5020  
 RUEBHD/AMEMBASSY ISLAMABAD IMMEDIATE 7027  
 RUEBAE/AMEMBASSY NEW DELHI IMMEDIATE 1774  
 RUEBHE/AMEMBASSY Dacca IMMEDIATE 0850  
 RUEBHP/AMEMBASSY BEIJING IMMEDIATE 0227  
 RUEBHL/AMEMBASSY KABUL IMMEDIATE 0178  
 RUEBHM/AMEMBASSY MANAMA 5614  
 RUEBHT/AMEMBASSY NABAT 4335  
 RUEBHS/AMEMBASSY SANA 6177  
 RUEBHTI/AMEMBASSY TRIPOLI 0209  
 RUEBHE/AMEMBASSY TUNIS 5799  
 RUEBHMZ/USMISSION SINAI 0100  
 RUEBHDH/AMCONSUL DHAHRAN 4159  
 RUEBHG/USMISSION GENEVA 3575  
 RUEBHEM/AMEMBASSY KHARTOUM 5213  
 RUEBDC/AMEMBASSY LONDON 9044  
 RUEBHO/AMEMBASSY MOSCOW 7953  
 RUEBENA/USMISSION USUN NEW YORK 6113  
 RUEBNS/AMEMBASSY PARIS 1025  
 RUEBHO/AMEMBASSY ROMA 3498  
 RUEBHD/USMISSION USUN NEW YORK 6113  
 RUEBHI/AMEMBASSY ABU DABI 5275  
 RUEBHD/USINT BAGHDAD 2314  
 RUEBHD/AMEMBASSY DOHA 0632  
 RUEBHM/AMEMBASSY KUWAIT 8688  
 RUEBHO/AMEMBASSY BAHN 3238  
 RUEBHC/SECDEF WASHDC 5630  
 RUEBHC/ JCS WASHDC 5063  
 RUEBHC/ CIA WASHDC 4363  
 RUEBHDW/ NSC WASHDC 3773  
 RUEBHC/USICA WASHDC  
 RUEBHNAAA/USCINCPAC VAHINGEN ON  
 RUEBHC/AMEMBASSY ALGIERS 2008

U.S. GOVERNMENT PRINTING OFFICE: 1977-25-272

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 I D E N T I A L

LIMITED OFFICIAL USE SECTION 03 OF 05 STATE 271708/83  
 SINCEUR FOR POLAD, TEL AVIV FOR PAO, BELIEVED BY 9 A.M.

1. NO. I REALLY DON'T WANT TO DEAL WITH THAT. THE TALKS ARE STILL GOING ON. THERE ARE MEETINGS STILL SCHEDULED FOR THIS AFTERNOON.

2. HAS THE ATMOSPHERE BEEN CHANGED IN ANY WAY?

A. I HAVEN'T BEEN IN THEM, BUT I CAN'T GIVE YOU ANY DESCRIPTION OF THE ATMOSPHERE. THEY HAVE BEEN THOROUGH TALKS.

3. HAVE THE TALKS BEEN LENGTHENED?

A. NO.

4. I HEARD TODAY THAT THEY WERE TO END THIS MORNING.

A. NO. ALWAYS, FOR AS LONG AS I CAN REMEMBER, THE SCHEDULE HAS INCLUDED WHAT IS ON THERE RIGHT NOW, I.E., AN AFTERNOON MEETING WITH THE SECRETARY.

5. I HEARD THAT THE SECRETARY, WARREN CHRISTOPHER, AND PERSON HAD AN UNSCHEDULED MEETING THIS MORNING WITH SAHI.

A. THERE HAVE BEEN CONTINUING TALKS WITH HIM.

6. BUT IT'S NOT ON THE SECRETARY'S SCHEDULE.

A. YES, WELL, A LOT OF THINGS AREN'T. THERE HAVE BEEN CONTINUING TALKS WITH HIM.

7. WE KNOW THAT ALI BHUTTO REPORTED THAT KISSINGER HAD TOLD HIM THAT HE WOULD BE WILLING TO SELL MASSIVE CONVENTIONAL ARMS IF ALI BHUTTO GAVE UP HIS PEACEFUL NUCLEAR PLANS. ALI BHUTTO DIDN'T AGREE TO THAT, WITH SOME OBVIOUS CONSEQUENCES. WE GOT REPORTS A WHILE BACK WHEN THE GENERAL C. SMITH TASK FORCE WAS SET UP, REMEMBER, ON HOW TO DEAL WITH THE PAKISTAN NUCLEAR QUESTION, THAT THEY WERE GOING TO PROPOSE MAKING A SIMILAR KIND OF DEAL AROUND THE NUCLEAR WEAPONS QUESTION.

8. THIS DOESN'T GO DIRECTLY INTO THE TALKS RIGHT NOW, CAN YOU CONFIRM THAT THAT WAS ONE OF THE POSSIBILITIES THAT WAS DISCUSSED BY THE TASK FORCE? DO YOU HAVE ANY

KIND OF COMMENT ON THAT?

A. I WOULDN'T CONFIRM OR DENY THAT REPORT. I AM NOT COMMENTING ON IT ENTIRELY.

C. WHY HAS THERE BEEN A DELAY IN THE RESPONSE ON THE SINAI FORCE -- WHAT'S GOING ON THERE?

A. A DELAY IN RESPONSE

C. WE HAD THE IMPRESSION THAT LYRON AND VANCE WOULD HAVE -- I THOUGHT, ABOUT A WEEK AGO -- AND NOW THERE IS NO MEETING SCHEDULED ACCORDING TO YOUR POSTING.

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U.S. GOVERNMENT PRINTING OFFICE: 1977-233-221

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TO RUERAM/AMEMBASSY AMMAN IMMEDIATE 1804  
RUERBE/AMEMBASSY BEIRUT IMMEDIATE 0822  
RUERBG/AMEMBASSY CAIRO IMMEDIATE 5028  
RUERDM/AMEMBASSY DAKAR IMMEDIATE 7300  
RUERJH/AMCONSUL JERUSALEM IMMEDIATE 2537  
RUERMA/AMEMBASSY JEDDA IMMEDIATE 1605  
RUERTV/AMEMBASSY TEL AVIV IMMEDIATE 7142  
RUEROR/AMEMBASSY TEHRAN IMMEDIATE 0821  
RUERSCD/AMEMBASSY ISLAMABAD IMMEDIATE 7028  
RUERBAE/AMEMBASSY NEW DELHI IMMEDIATE 1725  
RUERJDK/AMEMBASSY DELHI IMMEDIATE 0503  
RUERJEG/AMEMBASSY BEIJING IMMEDIATE 0225  
RUERLKK/AMEMBASSY KAROL IMMEDIATE 0170  
RUERDAM/AMEMBASSY MANAMA 5911  
RUERDPT/AMEMBASSY RAJAHMUNDRAM 4336  
RUERDMS/AMEMBASSY SARA 6178  
RUERTI/AMEMBASSY TRIPOLI 0010  
RUERLVB/AMEMBASSY TUNIS 5800  
RUERKMN/USMISSION SINAI 0101  
RUERMDH/AMCONSUL DHAKA 4160  
RUEREGV/USMISSION GENEVA 3976  
RUERHEM/AMEMBASSY KHARTOUM 0214  
RUERTIC/AMEMBASSY LONDON 0845  
RUERHMO/AMEMBASSY MOSCOW 7854  
RUERHNA/USMISSION VENETO 0104  
RUERHPS/AMEMBASSY PARIS 1086  
RUERHRO/AMEMBASSY ROME 3499  
RUERHSDT/USMISSION USUN NEW YORK 0114  
RUERHUI/AMEMBASSY ABU DHABI 0276  
RUERHAD/USINT BAHDAD 2315  
RUERHMOD/AMEMBASSY DORA 0635  
RUERHMKW/AMEMBASSY KUALA LUMPUR 0857  
RUERHOL/AMEMBASSY EGON 0039  
RUERHJCS/ SECDEF WASHDC 0031  
RUERHJCE/ JCS WASHDC 0064  
RUERHATA/ CIA WASHDC 1091  
RUERHAWW/ NSC WASHDC 0724  
RUERHNTA/USICA WASHDC  
RUERHAAA/USCINCPAC HONOLULU HI  
RUERHAMBASSY ALGERIA FOUCA

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LIMITED OFFICIAL USE SECTION 04 OF 05 STATE 271708/04  
CINCINNATI FOR POLAD, TEL AVIV FOR PAO, DELIVER BY 9 A.M.

A. I DON'T KNOW OF ANY PROBLEMS HERE.

Q. ANYTHING ON ARMS TO MOROCCO?

A. I HAVE NOTHING.

Q. FOREIGN MINISTER YAZDI SAID THAT THE CONDITIONS LAID  
BY THE UNITED STATES IN THE ARMS RELATIONSHIP ARE  
UNACCEPTABLE AND HE HAS THREATENED TO USE THE OIL  
WEAPON. DO YOU HAVE ANY COMMENT ON THAT?

A. NO. I HAVE SEEN A REPORT THAT AMBASSADOR STRAUSS  
WILL BE GOING TO LONDON LATER THIS MONTH, FOR A MEETING  
WITH PRIME MINISTER EHABIL -- IT IS NOT CLEAR WHETHER  
THE ISRAELIS WILL ALSO BE INVOLVED IN THE MEETING --  
WITH THE PURPOSE SUPPOSEDLY TO REVIEW PROGRESS IN THE  
AUTONOMY TALKS AFTER SIX MONTHS.

DO YOU HAVE ANYTHING ON THAT?

A. I WOULD SAY ON BACKGROUND I HAVE NO REASON TO ARGUE  
WITH THAT.

Q. IS IT MULTILATERAL? WOULD THE ISRAELIS BE INVOLVED  
AS WELL?

A. I THINK I WILL HAVE SOMETHING MORE TO SAY ON THAT  
SHORTLY.

Q. MR. STRAUSS PUT IT ON THE RECORD THIS MORNING.

A. WELL, IF HE PUT IT ON THE RECORD, THEN I WILL KEEP  
IT ON BACKGROUND BUT WILL SAY THAT THERE WILL BE  
MEETINGS AT THE END OF NEXT WEEK INVOLVING THE THREE  
PARTIES. THEY SIMPLY WANT TO REVIEW HOW THE SITUATION  
IS AT THIS POINT.

IT WILL NOT BE A LARGE DRESS DEAL; THEY ACTUALLY WOULD  
LIKE TO NOT HAVE A MAJOR PUBLICITY SHOW OUT OF IT -- A  
FOUR HOPE.

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BUT IN ANY CASE, THEY WILL BE MEETING IN LONDON BECAUSE  
PRIME MINISTER EHABIL WAS GOING TO BE IN THE AREA IN ANY  
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AND A CRACKDOWN ON POLITICAL PARTIES IS NOT  
PRECISELY WHAT WE HAD IN MIND.

Q. DOES THAT MEAN THE U.S. GOVERNMENT BELIEVES CONDITIONS  
IN PAKISTAN ARE CONDUCIVE TO THE RETURN OF DEMOCRATIC  
RULE?

A. IT MEANS THAT THE UNITED STATES IS DEEPLY DISAPPOINTED  
ABOUT THE ANNOUNCEMENT. THAT'S WHAT IT MEANS.

Q. CAN YOU SAY WHAT IMPACT THIS EVENT AND YOUR  
REACTION TO IT HAS HAD ON THE TALKS THAT ARE GOING ON  
NOW?

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U.S. GOVERNMENT PRINTING OFFICE: 1977-218-211

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 TO RUEFAM/AMEMBASSY AMMAN IMMEDIATE 1810  
 RUEHBE/AMEMBASSY BEIRUT IMMEDIATE 0603  
 RUEHBC/AMEMBASSY CAIRO IMMEDIATE 5928  
 RUEHDM/AMEMBASSY DAMASCUS IMMEDIATE 7321  
 RUEHJM/AMCONSUL JERUSALEM IMMEDIATE 2838  
 RUEHKA/AMEMBASSY JORDA IMMEDIATE 1505  
 RUEHNV/AMEMBASSY TEL AVIV IMMEDIATE 7143  
 RUEHRC/AMEMBASSY TEHRAN IMMEDIATE 5002  
 RUEHSC/AMEMBASSY ISLAMABAD IMMEDIATE 7029  
 RUEHRE/AMEMBASSY NEW DELHI IMMEDIATE 1778  
 RUEHJD/AMEMBASSY BANCA IMMEDIATE 7681  
 RUEHJG/AMEMBASSY BEIJING IMMEDIATE 0229  
 RUEHJL/AMEMBASSY KABUL IMMEDIATE 0102  
 RUEHAM/AMEMBASSY MANAMA 5312  
 RUEHBT/AMEMBASSY NADAT 4337  
 RUEHNS/AMEMBASSY NANA 6179  
 RUEHPI/AMEMBASSY TRIPOLI 0211  
 RUEHQB/AMEMBASSY TUNIS 5801  
 RUEHZN/USMISSION SINGAI 0132  
 RUEHDB/AMCONSUL DHAKHA 4101  
 RUEHGV/USMISSION GENEVA 3877  
 RUEHGM/AMEMBASSY ENARTOON 5215  
 RUEHGC/AMEMBASSY LONDON 9648  
 RUEHMO/AMEMBASSY MOSCOW 7855  
 RUEHNA/USMISSION USHATO 8195  
 RUEHNP/AMEMBASSY PARIS 1807  
 RUEHRO/AMEMBASSY ROMY 3503  
 RUEHDT/USMISSION USHN NEW YORK 6115  
 RUEHMB/AMEMBASSY ABU DHABI 5277  
 RUEHAD/USINT BAGHDAD 2315  
 RUEHOD/AMEMBASSY DOHA 0674  
 RUEHGW/AMEMBASSY KUWAIT 0688  
 RUEHOL/AMEMBASSY BORN 0240  
 RUEHJCS/ SECDEF WASHDC 5632  
 RUEHJCS/ JCS WASHDC 5265  
 RUEHIIA/ CIA WASHDC 4362  
 RUEHADW/ NSC WASHDC 3775  
 RUEHIA/USICA WASHDC  
 RUEHAAA/USCINCPAC WASHINGTON DC  
 RUEHAA/AMEMBASSY ALGIERS POUCE

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LIMITED OFFICIAL USE FINAL SECTION OF 05 STATE 221799/05  
 CINCEUR FOR POLAD, TEL AVIV FOR PAO, DELIVER BY 9 A.M.

A. DR. BURG, YES. END BACKGROUND.

Q. THERE IS A REPORT OUT OF AMMAN THAT AMBASSADOR TO  
 DAMASCUS TALCOTT SELBY HAD A 45-MINUTE TALK WITH A  
 LEADING PLO OFFICIAL NAMED MAHMUD 'ABBAS AND I AM JUST  
 WONDERING WHETHER YOU CAN CONFIRM THAT MEETING.

A. WHEN WAS THIS SUPPOSED TO HAVE OCCURRED?

Q. DURING THE VISIT TO SYRIA OF JESSEL JACKSON.

A. THIS WAS SOME WEEKS AGO?

Q. WELL, I THINK THAT WAS -- WHEN WAS THAT? ABOUT  
 TWO WEEKS AGO? YES.

A. HE BECAME AWARE THAT SUCH A PERSON WAS PRESENT. HE  
 DID NOT HAVE A 45-MINUTE DISCUSSION WITH HIM. THERE WAS  
 A SET UP THAT OCCURRED WHICH WAS DULY PUBLICIZED IN ONE  
 OR TWO PUBLICATIONS.

THERE WAS NOT A DISCUSSION, AND IT WAS NOT AN OFFICIAL  
 CONTACT. IT WASN'T EVEN MEANT TO BE AN UNOFFICIAL  
 CONTACT.

Q. THANK YOU. VANCE

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INFO RUSLKA/AMEMBASSY KABUL 9778  
RUSSKR/AMCONSUL KARACHI 8934  
ZEN/AMCONSUL LAHORE 6745  
RUDTC/AMEMBASSY LONDON 4290  
RUSSAE/AMEMBASSY NEW DELHI 1537  
ZEN/AMCONSUL PESHAWAR  
RUEHR/AMEMBASSY TEHRAN 5471  
RUHQHCA/CINCPAC HONOLULU HI  
RUFEBAA/COMIDEASTFOR  
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C O N F I D E N T I A L SECTION 1 OF 2 ISLAMABAD 11900

CINCPAC FOR POLAD

E.O. 12065: CDS 10/18/85 (MULTIPLE SOURCES) OK-P  
TAGS: PINT, PK, PGOV  
SUJOCU) MARTIAL LAW TIGHTENS UP

REFS(A) ISLAMABAD 11816(B) ISLAMABAD 11813

1. (C) SUMMARY: MARTIAL LAW IS TIGHTENING ITS GRIP ON PAKISTAN AS GENERAL ZIA UL-HAQ'S TOUGHENED MARTIAL LAW ADMINISTRATION (MLA) ENTERS ITS SECOND FULL DAY. NO UNFAVORABLE INCIDENTS HAVE BEEN REPORTED, AND THE LAW AND ORDER SITUATION APPEARS CALM. MANY MAJOR POLITICAL FIGURES ARE EITHER IN HIDING, UNDER HOUSE ARREST, OR IMPRISONED. OFFICES OF ALMOST ALL "DEFUNCT" POLITICAL PARTIES HAVE BEEN SEIZED. SPECIAL MILITARY COURTS HAVE BEEN SET UP, AND PUBLIC FLOGGING OF OFFENDERS HAS REAPPEARED. PRESIDENT ZIA PERSONALLY BRIEFED SEVERAL AMBASSORS (AS WELL AS CHARGES) ON 17TH THE BACKGROUND TO HIS OCTOBER 16 SPEECH AND THE REASONS FOR HIS DECISIONS. END SUMMARY.

2. (C) THE FIRST FULL DAY OF TOUGHENED MARTIAL LAW WITNESSED SEVERAL EXAMPLES OF THE ZIA REGIME'S NEW ATTITUDE TOWARD PARTIES, POLITICIANS, AND THE PRESS:

-- PROVINCIAL GOVERNMENTS ANNOUNCED THAT 50 PERSONS IN SIND AND 40 IN NORTHWEST FRONTIER PROVINCE (NWFP) HAVE BEEN DETAINED UNDER MARTIAL LAW ORDER (MLC-12) FOR "ACTIVITIES PREJUDICIAL TO THE MAINTENANCE OF PUBLIC ORDER". INCLUDED REPORTEDLY IS PPP LEADER G. K. Jatoi. "OFFICIAL FIGURES HAVE NOT BEEN RELEASED FOR PUNJAB AND BALUCHISTAN, BUT WE WOULD ESTIMATE THAT PERHAPS ANOTHER TWO HUNDRED LEADERS AND WORKERS HAVE BEEN DETAINED IN THOSE PROVINCES, AMONG THEM TINKA KHAN, ADDITIONAL SECRETARY OF THE PAKISTAN PEOPLES PARTY (PPP) WHO WAS ARRESTED AS HE FLIGHTED FROM A PIA JET AT RAWALPINDI AIRPORT.

POL  
EUBB  
RF  
CHRN

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CLARIFICATIONS HAVE BEEN ISSUED BY THE PUNJAB GOVERNMENT OVER REPORTS OF ARRESTS YESTERDAY OF JAMAAT PAKISTAN NATIONAL ALLIANCE (PNA) LEADERS MIAN TUFAIL, MI MAHMUD, AND NAWABZADA NASRULLAH KHAN; ALL ARE SAID TO BE FREE AND THE PRESS REPORTS OF THEIR DETENTION ARE FALSE.

--THE PAKISTAN TIMES HAS PRINTED A CORRECTION INDICATING ITS USE OF THE WORD "BAN" IN ITS ARTICLES OF OCTOBER 17 ON THE MLA'S ACTIONS POLITICAL PARTIES OF AN ERRONEOUS TRANSLATION FROM URDU. PARTIES, HEATER SAID, HAVE BEEN "DISSOLVED." FURTHER EVIDENCE THIS WAS THE USE OF THE WORD "DEFUNCT" AS AN ALTERNATIVE BEFORE THE NAME OF ANY PARTY MENTIONED IN THE PRESS IN OCTOBER 18 EDITIONS OF ALL PAPERS.

NO QUETTA NEWSPAPERS HAVE BEEN BANNED.

THE MARTIAL LAW ADMINISTRATION HAS MOVED TO REINFORCE ITS INSTRUMENTS FOR CONTROL OF PUBLIC ORDER:

DIRECTIVES HAVE BEEN ISSUED FOR THE PUBLIC TO REPORT UNLICENSED FIREARMS WITH THE MARTIAL LAW AUTHORITIES; PENALTY FOR NON-COMPLIANCE IS SEVERE, AND SEARCH TEAMS HAVE BEEN AUTHORIZED TO FERRET OUT WEAPONS CACHES;

THE MARTIAL LAW ADMINISTRATORS/GOVERNORS OF THE PUNJAB AND BALUCHISTAN HAVE ISSUED TOUGH STATEMENTS (AS MENTIONED IN PAK TIMES) TO THE EFFECT THAT BRIBING, BEEFING, BRIBERY, AND OTHER CRIMES WILL BE SEVERELY PUNISHED;

MOBILE COURTS HAVE BEEN SET UP IN RAWALPINDI, AND THEY ARE QUICKLY TRYING AND SENTENCING OFFENDERS. THERE ARE NEWSPAPER ACCOUNTS FROM OTHER AREAS OF PUBLIC FLOGGINGS PERFORMED ON THE SPOT AFTER SENTENCING BY SUMMARY MILITARY COURTS; AND,

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FM AMEMBASSY TEHRAN

TO RUEHC/SECSTATE WASHDC IMMEDIATE 4359

INFO RUSPQD/AMEMBASSY ISLAMABAD 0381

BT

C O N F I D E N T I A L TEHRAN 11141

CLASS: CONFIDENTIAL

CHRG: STAT

APPRV: ECON

DRFTD: ECON

CLEAR: 1. CHA

2. AGF

DISTR: ECON

CHRON

PASS AGRICULTURE OGS

E.O. 12065: GDS 10/21/85 (SENS, A.D.) OR-E

TAGS: EAGR, EFIN, PK, 1

SUBJECT: PL480 EXPORT WAIVER FOR PAKISTAN

REF: ISLAMABAD 11898

1. (C-ENTIRE TEXT)

2. WE APPRECIATE EMBASSY ISLAMABAD'S POINT THAT IRAN SHOULD BUY WHEAT SEED FROM COMERCIAL SOURCES RATHER THAN PL480 RECIPIENTS. HOWEVER, THERE ARE ASPECTS OF THE SITUATION HERE THAT DESERVE CONSIDERATION BEFORE TURNING DOWN THE PAKISTANI REQUEST FOR AN EXPORT WAIVER.  
~~DOWN THE PAKISTANI REQUEST FOR AN EXPORT WAIVER.~~

3. THE PGOI FOR POLITICAL REASONS HAS GIVEN A HIGH PRIORITY TO BEING SEEN TO REDUCE IRAN'S DEPENDENCE ON THE WEST, AND PARTICULARLY ON THE U.S. HOWEVER, THE NEW REGIME FINDS THIS A DIFFICULT TASK, AND TENDS TO SUSPECT US OF CONTRIBUTING TO THE MANY FACTORS PRUSTRATING THEIR EFFORTS.

4. IN THIS CASE THE PGOI WANTS TO BE ABLE TO SAY IT BOUGHT WHEAT SEED FROM PAKISTAN. BY APPROVING THE SALE, WE WOULD EXPRESS "SYMPATHY" FOR THE OBJECTIVES OF THE REVOLUTION -- SOMETHING WE ARE ACCUSED OF TALKING ABOUT BUT NOT ACTING ON. WE WOULD LOSE NOTHING IN REAL TERMS.

5. BY DISAPPROVING THE SALE WE GIVE THOSE WHO ARE LOOKING FOR "EVIDENCE" THAT WE ARE INSINCERE WHEN WE SAY WE WANT TO WORK WITH THE NEW REGIME CRIST FOR THEIR MILL. THE PGOI WILL KNOW THAT WE BLOCKED THE SALE EVEN THOUGH THE ALTERNATIVE IS NOT A PURCHASE FROM THE U.S. THE POINT THAT PAKISTAN SHOULD NOT BE SELLING WHEAT SEED WHEN IT IS GETTING WHEAT ON NON-COMMERCIAL TERMS WILL BE LOST HERE.

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INFO RUMJPG/AMEMBASSY BEIJING 062

RUMJPA/AMEMBASSY JIDDA 925

RUMJMK/AMEMBASSY KANUL 9781

RUMJER/AMCONSUL KARACHI 8941

ZEN/AMCONSUL LAHORE 8749

ZFN/AMCONSUL PESHAWAR

RUEHC/AMEMBASSY LONDON 4292

RUSPAP/AMEMBASSY NEW DELHI 1542

RUMJER/AMEMBASSY TEHRAN 5473

RUMJPGA/CINCPAC HONOLULU HI

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C O N F I D E N T I A L ISLAMABAD 11823

CINAPAC FOR PCLAD

E.O. 12065: RIS4 10/20/85 (AGERTY, E.C.) OR-P

TAGS: PINT, PGOV, SHUM, MPOL, PK

SUBJ: (C) JOURNALIST SAYS ZIA PLANS NATIONAL GOVERNMENT AFTER REFERENDUM ON ISLAMIC GOVERNMENT

REF(A) ISLAMABAD 11843(B) ISLAMABAD 11815

1. (C) M.A. MANSURI, "DAWN" ISLAMABAD CORRESPONDENT -- AMONG MOST KNOWLEDGABLE AND WELL-SOURCED JOURNALISTS IN TOWN -- TOLD EMBOVY SHERMAN OCT 19 THAT PRESIDENT ZIA UL-HAQ INTENDS TO MOVE PAKISTAN TOWARD WHAT IS BEING DESCRIBED AS A "NATIONAL GOVERNMENT" (NG), PROBABLY SOMETIME EARLY IN THE NEW YEAR. MANSURI PREDICTED METHOD TO BE USED WILL BE A PRELIMINARY REFERENDUM IN WHICH THE PAKISTANI VOTER WILL BE PRESENTED WITH A SIMPLE BINARY CHOICE BETWEEN AN "ISLAMIC" FORM OF GOVERNMENT AND A "NON-ISLAMIC" FORM. MANSURI CHARACTERIZED THIS AS "STACKING THE DECK," AS PAKISTANIS COULD NO MORE VOTE AGAINST ISLAM THAN AMERICANS COULD AGAINST APPLE PIE.

2. (C) ONCE THE REFERENDUM IS COMPLETED, MANSURI SAID, THE PRESIDENT CAN CLAIM HE HAS AN OVERWHELMING MANDATE TO FORM A GOVERNMENT. HE WILL THEN CALL TOGETHER POLITICAL AND MILITARY LEADERS FROM WHOM HE WILL PUT TOGETHER A "NATIONAL GOVERNMENT."

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U.S. GOVERNMENT PRINTING OFFICE: 1975

3. (C) MANSUR SAID ZIA HAS THE AGREEMENT OF THE MILITARY LEADERSHIP FOR THIS COURSE OF ACTION AND THAT IT WAS ONE OF THE "SOPS" USED TO ENLIST SUPPORT FROM THE SENIOR GENERALS FOR HIS OCT. 18 CANCELLATION OF GENERAL ELECTIONS. THE GENERALS, HOWEVER, INSISTED (AND OBTAINED ZIA'S AGREEMENT TO REQUIRE) PARTICIPANTS IN THE FUTURE NG TO SEVER TIES WITH THE MILITARY. THIS, MANSURI, SIAD, WOULD INCLUDE ZIA HIMSELF, WHO WILL HAVE TO RESIGN AS CHIEF OF ARMY STAFF (COAS). ZIA REPORTEDLY AGREED TO THIS WITH PROVISIO THAT HE WOULD NAME NEW COAS WHO WOULD NOT, RPT NOT, BE THE NEXT IN SENIORITY. MANSURI SAID ZIA WANTS TO PASS THE COAS MANTLE TO THE RELATIVELY JUNIOR LGEN RASIMUDDIN KAHN, ZIA FAVORITE, PRESENTLY BALUCHISTAN GOVERNOR AND COMMANDER OF THE SECOND CORPS IN QUTEE (AND THE FATHER OF AIZ'S SON'S WIFE).

4. (C) MANSURI SAID HINTS OF REFERENDUM PLAN CAME OUT OF ZIA'S MEETING OCTOBER 18 AND 19 WITH PALESTIANI EDITORS. HE HAD FLESSED-OUT PROPOSAL THROUGH SOURCES "CLOSE TO (MEA) AND SAID NG PLAN DETAILS CAME FROM SAME SOURCE.

5. (U) "DAWN" OCT. 20 CARRIES REPORT ON EDITORS' MEETING WITH ZIA IN WHICH THE REPORTED REFERENDUM PLAN IS MENTIONED IN CONTEXT OF ZIA'S STATEMENT THAT HE "WOULD SEEK A MANDATE FROM THE PEOPLE" TO TAKE THE STEPS NECESSARY TO PROTECT THE "NEW ORDER" HE INTRODUCED ON OCT 18.

6. (C) COMMENT: MANSURI SAID HE WOULD NOT PUBLISH THE REST OF THE STORY AS HE IS PARTICULARLY SENSITIVE RIGHT NOW DUE TO THE NEW CENSORSHIP RULES AND THE RISE IN PUBLIC FLOGGINGS TAKING PLACE AROUND THE COUNTRY. (TO OUR KNOWLEDGE, NO JOURNALIST HAS BEEN FLOGGED, PUT FOR THE FIRST TIME, THE PRESS THIS MORNING REPORTS THE PUBLIC FLOGGING OF THREE POLICE CONSTABLES WHO WERE JUDGED GUILTY OF ACCEPTING BRIBES).

7. (C) MANSURI'S INFORMATION ON THE PROPOSED FORMATION OF A NEW TYPE OF NATIONAL GOVERNMENT CORRESPONDS TO WHAT WE HAVE HEARD FROM OTHER SOURCES (REF B). ZIA AND OTHERS HAVE DEMONSTRATED AN INTEREST IN THIS TYPE OF NON-PARTISAN FORMAT, AND IN THE PAST HE HAS SEEMED TO HAVE IN MIND THE EXAMPLE OF THE NATIONAL GOVERNMENT WHICH RAN THE UP DURING WORLD WAR II. HIS EFFORTS TO BRING OFF A NATIONAL GOVERNMENT DURING THE PROLONGED NEGOTIATIONS WITH PARTIES IN 1978 WERE A NOTABLE FLOP.

8. (C) ZIA CLEARLY WOULD HAVE PROBLEMS WITH STEPPING DOWN FROM HIS COAS POSITION; THE ARMY IS HIS MOST

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IMPORTANT CONSTITUENCY AND ONLY REAL BASE OF POWER. HE WOULD ATTEMPT TO AVOID AT ALL COSTS SETTING UP AN INSTANT RIVAL IN THE COAS POSITION - WHICH IS WHAT THE APPOINTMENT OF ONE OF THE SENIOR LGENS COULD CREATE; SEVERAL OF THOSE NOW SERVING AS LGEN WERE, IN FACT, SENIOR TO ZIA WHEN ZIA WAS APPOINTED COAS IN 1975 BY THEN-PRIME MINISTER BRUTTO. RASIMUDDIN AND ZIA ARE CLOSE, AND THE FAMILY LINKAGE WITH ECHOES OF THE FAMILY RELATIONSHIP BETWEEN FIELD MARSHAL AYUB KHAN AND HIS ARMY CHIEF, -- GENERAL HABIBULLAH -- MAKES THE IDEA AS ATTRACTIVE TO ZIA AS IT IS UNATTRACTIVE TO THE OTHERS. A COMPROMISE CHOICE ON THIS IS POSSIBLE, BUT OUR GUESS IS THAT THIS ONE COMMITMENT -- IF I DEED HE IS OR FEELS COMMITTED -- THAT ZIA WILL BE IN NO HURRY TO MEET. END COMMENT.

(U) RUMORS MEANWHILE CONTINUE ABOUT A CABINET SHUFFLE IN THE IMMEDIATE FUTURE, AND THE URDU NAWA-U-VAQT HAS A REPORT THIS MORNING THAT MORE RATHER THAN FEWER MILITARY OFFICERS WILL BE BROUGHT IN (RATHER THAN EXCLUDED) FOR THE UPCOMING ROUND. APPOINTMENT OF NON-MILITARY PROVINCIAL GOVERNORS IS ALSO SAID TO BE IN THE OFFING. KING

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RUSBLK/AMEMBASSY KABUL 0270  
RUDTFC/AMEMBASSY LONDON 0032  
RUEHMO/AMEMBASSY MOSCOW 8189  
RUSBAE/AMEMBASSY NEW DELHI 1994  
RUFNPS/AMEMBASSY PARIS 1386  
RUGMHR/AMEMBASSY TEHRAN 5135  
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C O N F I D E N T I A L SECTION 01 OF 04 STATE 277901/01

E.O. 12065: RDS-1,3 10/22/99 (PECK, ROBERT A.)

TAGS: PEPR, AF, US, PK, IR, IN, UR, CH

SUBJECT: US-PAK TALKS: REGIONAL ISSUES

REFERENCES: (A) STATE 270484; (B) STATE 274950

1. CONFIDENTIAL - ENTIRE TEXT.

2. SUMMARY: OVER HALF OF THE FORMAL DISCUSSIONS BETWEEN THE PAKISTANI AND US DELEGATIONS OCTOBER 16-17 IN WASHINGTON WAS DEVOTED TO REGIONAL ISSUES. OUR ASSESSMENTS ON AFGHANISTAN WERE QUITE SIMILAR, THOUGH THE PAKISTANIS VIEWED THE THREAT IN SOMEWHAT MORE IMMEDIATE TERMS THAN DO WE. THE PAKISTANIS WERE FAIRLY RELAXED ABOUT THE STATE OF THE CURRENT RELATIONS WITH INDIA, BUT STILL CONSIDER INDIA TO BE PAKISTAN'S PRINCIPAL LONG-RANGE SECURITY THREAT. ON IRAN, SHAHI EMPHASIZED THE IMPORTANCE OF ESTABLISHING A PERSONAL EQUATION WITH KHOMEINI AND INDICATED THAT PAKISTAN WAS TRYING TO SAVE THE RCD IN THE FACE OF IRANIAN OPPOSITION. THE US STRONGLY REAFFIRMED ITS SUPPORT FOR PAKISTANI SECURITY, BUT WE INDICATED THAT OUR ABILITY TO EXPRESS THIS SUPPORT IN PRACTICAL TERMS WOULD REMAIN CONSTRAINED AS LONG AS OUR DIFFERENCES OVER THE NUCLEAR ISSUE WERE UNRESOLVED. THE US ALSO REAFFIRMED THAT IN THE EVENT OF AFGHAN AGGRESSION AGAINST PAKISTAN WE WOULD CONSIDER THE 1959 BILATERAL AGREEMENT TO BE RELEVANT (SEPTEL). DISCUSSION OF THE NUCLEAR ISSUE, CHINA AND THE INDIAN OCEAN ALSO COVERED IN SEPARATE TELEGRAMS. END SUMMARY.

3. THE FIRST DAY OF DISCUSSIONS BETWEEN THE US AND PAKISTANI DELEGATIONS AT THE DEPARTMENT (OCTOBER 16) WAS DEVOTED LARGELY TO REGIONAL ISSUES. ON THE PAKISTANI SIDE, THE DISCUSSION WAS LED BY FOREIGN AFFAIRS ADVISOR AGHA SHAHI AND FOREIGN SECRETARY SHAHNAWAZ, WITH SOME CONTRIBUTIONS BY THE SECRETARY GENERAL OF THE MINISTRY OF DEFENSE, GEN. GHULAM JILANI KHAN. ON THE US SIDE THE SECRETARY LED OFF WITH AN OPENING STATEMENT (REFTEL A) AND PARTICIPATED IN MUCH OF THE SUBSTANTIVE DISCUSSIONS. UNDER SECRETARY NEWSOM PROVIDED AN OVERVIEW OF US INTERESTS IN THE REGION.

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4. AFGHANISTAN: THE TWO DELEGATIONS TRADED ASSESSMENTS OF THE INTERNAL AFGHAN SITUATION AND THE TREAT AFGHANISTAN POSED TO PAKISTANI SECURITY. SHAHI SAID THAT THE AFGHAN REVOLUTION HAD AFFECTED PAKISTAN PROFOUNDLY. THE HISTORICAL ROLE OF AFGHANISTAN AS A BUFFER STATE HAD DISAPPEARED, AND PAKISTAN FOUND ITSELF ILL-PREPARED AND ILL-EQUIPPED TO MEET THE MILITARY THREAT. PAKISTAN DID NOT EXPECT AN IMMEDIATE INVASION, BUT WAS DEEPLY CONCERNED OVER THE LONG-TERM POTENTIAL FOR CROSS-BORDER SUBVERSION.

5. INTERNAL SITUATION: SHAHI SAID THAT THE MARXIST REGIME IN KABUL REMAINED "OFF BALANCE" IN THE FACE OF THE CONTINUING INSURGENCY AND INTERNAL PARTY AND MILITARY DISSIDENCE. THE POLITICAL BASE OF THE REGIME WAS EVEN NARROWER FOLLOWING AMIN'S INTERNAL COUP. AT THE SAME TIME, THE MILITARY AND POLITICAL HOLD OF THE SOVIET UNION ON AFGHANISTAN WAS STRONGER THAN EVER AND APPEARED TO BE GROWING. THE SOVIETS FOCUSED ON CONSOLIDATION OF THE REVOLUTION AND PERSONALITIES DID NOT MATTER. SOVIET AMBASSADOR PUZANOV HAD RECENTLY WARNED DEPARTING PAKISTANI AMBASSADOR PIRACHA THAT PAKISTAN SHOULD NOW THINK SERIOUSLY ABOUT CHANGING ITS POLICIES TOWARD AFGHANISTAN SINCE THE USSR WAS DETERMINED TO DEFEND THE REVOLUTION. PUZANOV SAID THAT BY SPRING THE SOVIET UNION WOULD HAVE CREATED A "NEW AFGHAN ARMY" THAT WOULD THEN BE IN A GOOD POSITION TO MOUNT AN EFFECTIVE MILITARY CAMPAIGN AGAINST THE INSURGENTS.

6. SHAHI ARGUED THAT ONCE THE REGIME HAD CONSOLIDATED ITS POSITION, IT WOULD TURN ITS NEWLY ACQUIRED MILITARY CAPABILITY AGAINST PAKISTAN. PAKISTAN VIEWED THE THREAT AS BEING ONE TO TWO YEARS OFF, DEPENDING ON THE PACE OF INTERNAL CONSOLIDATION IN AFGHANISTAN. THE TIME TO DO

SOMETHING WAS NOW.

7. THE PAKISTANIS INDICATED THEY WERE EVEN MORE UNCOMFORTABLE WITH AMIN'S ONE-MAN RULE THAN THEY HAD BEEN WITH THE PREVIOUS REGIME. WHILE AMIN HAD MADE SOME PUBLIC STATEMENTS, APPARENTLY AT SOVIET URGING, REGARDING A DESIRE FOR BETTER RELATIONS, HE HAD ALSO GIVEN CONTRARY SIGNALS. THE PAKISTANIS HAD BEEN PARTICULARLY CONCERNED BY THE PRESENCE OF EXILED PUSHTUN NATIONALIST LEADER AJMAL KHATTAK AT A RECENT PUBLIC MEETING IN KABUL, AT WHICH KHATTAK WAS GIVEN EQUAL STATUS WITH DIPLOMATIC REPRESENTATIVES ASSEMBLED TO HEAR OF PLANS FOR A NEW CONSTITUTION. SHAHNAWAZ CHARACTERIZED THE REGIME AS A MIXTURE OF PUSHTUN CHAUVINISM AND IDEOLOGICAL MISSIONARY ZEAL, A COMBINATION WHICH POSED A DOUBLE THREAT TO PAKISTANI INTERESTS.

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INFO RUMJPG/AMEMBASSY BEIJING 0389  
RUFHOL/AMEMBASSY BONN 3300  
RUSBLK/AMEMBASSY KABUL 0271  
RUDTC/AMEMBASSY LONDON 0033  
RUEHMO/AMEMBASSY MOSCOW 8190  
RUSBAE/AMEMBASSY NEW DELHI 1995  
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RUMHR/AMEMBASSY TEHRAN 5136

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8. THE PAKISTANIS DID NOT PLACE MUCH HOPE IN THEIR DIPLOMATIC DIALOGUE WITH AFGHANISTAN, BUT INDICATED THEY WOULD KEEP TRYING. SHAHI SAID HE DID NOT KNOW WHETHER THE INVITATION TO HIM TO VISIT KABUL WOULD BE RENEWED. IN ANY CASE, THE DIALOGUE SEEMED MORE IN THE AFGHAN INTEREST THAN IN PAKISTAN'S INTEREST. THE AFGHANS WANTED TO GET PAKISTAN TO FORCE THE REFUGEES BACK ACROSS THE BORDER (SHAHNAWAZ PRIVATELY SAID WHAT THE AFGHANS REALLY WANTED WAS THE EXPULSION OF REBEL LEADERS, AND WERE NOT PREPARED TO TALK SERIOUSLY ABOUT ANY OTHER ISSUES. THEIR PURPOSE WAS TWO-FOLD. FIRST, THEY WOULD BE BETTER ABLE TO COPE WITH THE INSURGENCY IF THE PAKISTANI REFUGEE WAS UNAVAILABLE AND, SECONDLY, THEY WANTED TO CREATE A SITUATION IN WHICH THEY COULD AGAIN POSE AS THE CHAMPIONS OF PUSHTUN NATIONALISM. IF THEY COULD FORCE PAKISTAN TO ABANDON THE REFUGEES, PAKISTAN WOULD BE DISCREDITED AND THE DRA WOULD HAVE A BETTER LONG-RANGE CHANCE TO RALLY THE TRIBES TO THEIR SIDE.

9. THE SECRETARY ASKED IF PAKISTAN SAW THE DANGER FROM AFGHANISTAN AS ONE OF LONG-RUN SUBVERSION OR DIRECT MILITARY AGGRESSION. SHAHI REPLIED THAT BOTH WERE A CONCERN, BUT WENT ON TO DISCUSS PRIMARILY THE SUBVERSIVE THREAT. THE AFGHANS, HE SAID, WERE GIVING UP ON THE OLDER GENERATION OF PUSHTUN NATIONALISTS AND WERE CONCENTRATING ON A YOUNGER GENERATION OF PUSHTUNS AND BALUCHI WHO WERE SHOWING MARXIST TENDENCIES. THE INTELLECTUAL SUBVERSION OF THE PAKISTANI PEOPLE WAS ALREADY SHOWING SOME SIGNS OF SUCCESS, AND MANY PAKISTANIS WERE SHIFTING THEIR ATTITUDES TOWARD AFGHANISTAN. WHEN THE AFGHAN COUP FIRST OCCURRED, THERE WAS BROAD SUPPORT IN PAKISTAN FOR MEASURES TO HELP THE REFUGEES AND ASSIST THE INSURGENTS. MANY PAKISTANIS WERE NOW COMING AROUND TO THE VIEW THAT

AFGHANISTAN -- AND THE SOVIETS THROUGH AFGHANISTAN -- NEEDED TO BE "ACCOMMODATED" SINCE PAKISTAN HAD BEEN UNABLE TO ACQUIRE ADEQUATE OUTSIDE SUPPORT. SOME PAKISTANI TRIBESMEN ARGUED THAT IT WAS PAKISTAN'S DUTY TO FIGHT THE ANTI-ISLAMIC AND MARXIST REGIME IN KABUL BUT, IF THE GOP WAS TOO AFRAID OF THE RUSSIANS TO DO SO, THEN PAKISTAN SHOULD MAKE ITS PEACE WITH THE SOVIET UNION. PAKISTANI LEADERS WORRIED THAT, IF AFGHANISTAN PUT PRESSURE ON PAKISTAN IN THE PRESENT SITUATION (E.G., BY A POLICY OF HOT PURSUIT ACROSS THE BORDERS, DISTRIBUTION OF ARMS IN BALUCHISTAN OR PROVOKING AN INSURGENCY), PAKISTAN WOULD BE IN A VERY DIFFICULT POSITION.

10. ASKED IF PAKISTAN ANTICIPATED THE DIRECT PARTICIPATION OF SOVIET TROOPS IN PUTTING DOWN THE INSURGENCY, SHAHNAWAZ SAID HE COULD NOT GIVE A CATEGORICAL ANSWER. THE SOVIETS CLEARLY WOULD GIVE WHATEVER ASSISTANCE WAS NECESSARY TO AFGHANISTAN, INCLUDING MILITARY AID. HE THOUGHT THEY WOULD TRY TO LIMIT THE PARTICIPATION OF SOVIET TROOPS TO ADVISORY AND SUPPORT ROLES. ASKED IF PAKISTAN HAD ANY EVIDENCE OF THE USE OF SOVIET CENTRAL ASIAN TROOPS MINGLED IN WITH AFGHANS, SHAHNAWAZ OBSERVED THAT THE SOVIETS HAD THIS CAPABILITY. HE THOUGHT IT UNLIKELY THAT THE SOVIET UNION WOULD USE CUBANS IN AFGHANISTAN SINCE THEY HAD THEIR OWN CENTRAL ASIAN TROOPS TO DRAW ON WHO WERE CULTURALLY MORE ASSIMILABLE.

11. ASKED IF THE PAKISTANIS SAW CHINA AS PLAYING A MAJOR ROLE IN CONTAINING GROWING SOVIET INFLUENCE IN AFGHANISTAN, SHAHI SAID THEY DID NOT. THEY HAD ON SEVERAL OCCASIONS TALKED WITH THE CHINESE ABOUT AFGHANISTAN, BUT THE CHINESE FELL BACK ON AN IDEOLOGICAL ANALYSIS FROM WHICH THEY CONCLUDED THAT THE AFGHAN PEOPLE WOULD ULTIMATELY BE VICTORIOUS. THE CHINESE HAD ADOPTED A HANDS-OFF POLICY. THERE WERE ALLEGATIONS THAT THE INSURGENTS WERE RECEIVING ARMS FROM THE CHINESE, BUT PAKISTAN HAD NO EVIDENCE OF THIS.

12. INDIA: THE EXCHANGE ON INDIA CONTAINED NO SURPRISES. THE PAKISTANIS VOICED FAMILIAR CONCERNS ABOUT LONG-RANGE INDIAN INTENTIONS AND INDICATED THAT THEY CONTINUE TO CONSIDER INDIA THE PRINCIPAL THREAT TO PAKISTANI SECURITY, DESPITE THE IMMEDIACY OF THEIR PROBLEMS WITH AFGHANISTAN.

13. SHAHI NOTED THAT PAKISTAN'S RELATIONS WITH INDIA WERE MORE "TENSION-FREE" THAN AT ANY TIME IN THE PAST. THEY GAVE CONSIDERABLE CREDIT TO FORMER PRIME MINISTER DESAI, AND WERE PARTICULARLY APPRECIATIVE OF DESAI HAVING STOOD UP TO BREZHNEV AND KOSYGIN IN MOSCOW BY REFUSING TO PUT

PRESSURE ON PAKISTAN OVER AFGHANISTAN. THIS WAS, SHAHI SAID, A "HEALTHY DEVELOPMENT". THE PAKISTANIS NONETHELESS EXPRESSED CONSIDERABLE ANXIETY REGARDING THE POLICIES WHICH MIGHT BE PURSUED BY WHATEVER INDIAN GOVERNMENT WOULD EMERGE FROM THE NEXT ELECTION.

14. SHAHNAWAZ SAID THAT PAKISTAN HAD TRIED PARTICULARLY HARD IN RECENT MONTHS TO KEEP RELATIONS WITH INDIA AS SAT-

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RUSBLK/AMEMBASSY KABUL 0272

RUDIC/AMEMBASSY LONDON 0034

RUEHMO/AMEMBASSY MOSCOW 8191

RUSBAE/AMEMBASSY NEW DELHI 1996

RUFNPS/AMEMBASSY PARIS 1388

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ISFACTORY AS POSSIBLE IN VIEW OF THE SITUATION IN AFGHANISTAN. HE NOTED THAT, DURING HIS VISIT TO NEW DELHI IN MAY, HE HAD CONDUCTED PAKISTAN'S FIRST WIDE-RANGING EXCHANGE OF VIEWS WITH INDIAN OFFICIALS. ON AFGHANISTAN, HE HAD FOUND THE INDIANS EXTREMELY CAUTIOUS IN EXPRESSING THEMSELVES, POSSIBLY OUT OF FEAR THAT THEIR VIEWS WOULD GET BACK TO THE SOVIETS. SHAHNAWAZ SPECULATED THAT THE INDIANS ARE PROBABLY CONCERNED ABOUT THE DANGER WHICH SOVIET ADVANCES IN AFGHANISTAN POSES FOR INDIA ITSELF AND CANNOT BE PLEASED THAT AFGHANISTAN IS NO LONGER A BUFFER STATE. THESE CONCERNS, HOWEVER, HAD NOT REACHED THE POINT WHERE THE INDIANS WOULD ADMIT THEM OPENLY. NONETHELESS, PAKISTAN'S EXCHANGE OF VIEWS WITH INDIA ON THIS ISSUE MAY HAVE HAD SOME IMPACT. ASKED IF THE INDIANS HAD AT ANY TIME EXPRESSED THEIR CONCERNS TO THE SOVIETS ABOUT AFGHANISTAN, SHAHNAWAZ SAID HE THOUGHT THEY HAD NOT, BUT THAT THEY HAD DEMONSTRATED THIS CONCERN BY RESISTING SOVIET REQUESTS FOR PRESSURE ON PAKISTAN.

15. THE PAKISTANIS DEVELOPED THE THEME THAT THEY HAD HAD FULL AND FRANK DISCUSSIONS WITH INDIAN OFFICIALS ON THE NUCLEAR QUESTION AND THAT INDIA ACCEPTED PAKISTANI ASSURANCES OF PEACEFUL INTENT AT FACE VALUE. SHAHI RECOUNTED HIS DISCUSSIONS WITH INDIAN FOREIGN MINISTER MISHRA IN BOTH HAVANA AND NEW YORK IN WHICH SHAHI OFFERED TO GIVE WHATEVER ASSURANCES INDIA MIGHT REQUIRE IF INDIA HAD DOUBTS REGARDING THE NATURE OF PAKISTAN'S PROGRAM. SHAHI SAID HE ALSO EXPRESSED CONCERN OVER CHARAN SINGH'S RED FORT STATEMENT. MISHRA REPORTEDLY REPLIED THAT THIS HAD BEEN MADE IN THE HYPOTHETICAL CONTEXT OF A PAKISTANI NUCLEAR WEAPONS PROGRAM. SHAHI INDICATED THAT MISHRA WAS SATISFIED BY PAKISTANI ASSURANCES.

SHAHNAWAZ CHIMED IN TO POINT OUT THAT THE RED FORT STATEMENT CAME ONLY A FEW DAYS AFTER SENATOR PERCY'S REMARKS IN CALCUTTA REGARDING THE POTENTIAL THREAT TO INDIA'S CITIES OF A PAKISTANI BOMB. (WHILE HE DID NOT DRAW THE CONCLUSION SHARPLY, SHAHNAWAZ SEEMED TO BE IMPLYING THAT THE US BORE SOME RESPONSIBILITY FOR CHARAN SINGH'S OUTBURST.)

SHAHNAWAZ ALSO DESCRIBED IN SOME DETAIL HIS DISCUSSION OF THE NUCLEAR ISSUE WITH INDIAN LEADERS, INCLUDING FORMER PRIME MINISTER DESAI, IN DELHI LAST MAY. DESAI SAID HE MADE A "COMPLETELY UNAMBIGUOUS STATEMENT" THAT HE WAS SATISFIED WITH PAKISTANI ASSURANCES. SHAHNAWAZ WENT OVER FAMILIAR GROUND ON THE DESAI-ZIA CORRESPONDENCE IN WHICH ZIA REPORTEDLY SUGGESTED A JOINT STATEMENT RENOUNCING NUCLEAR WEAPONS AND DESAI COUNTERED WITH A PROPOSAL FOR UNILATERAL STATEMENTS WHICH WOULD HAVE THE EFFECT OF A JOINT STATEMENT. SHAHNAWAZ CONCLUDED THAT, SINCE BOTH DESAI AND ZIA HAD STATED THAT THEY DID NOT INTEND TO DEVELOP NUCLEAR WEAPONS, THE INDIANS WERE APPARENTLY SATISFIED.

IRAN: NEWSOM DESCRIBED US EFFORTS TO REASSURE THE IRANIAN GOVERNMENT THAT WE ACCEPT THE REVOLUTION. WE HAD NOT APPROACHED KHOMEINI DIRECTLY. IRAN'S REFUSAL TO ACCEPT OUR AMBASSADOR MADE COMMUNICATIONS MORE DIFFICULT AND THE CONTINUING EXECUTIONS GAVE US A PUBLIC RELATIONS PROBLEM. NEWSOM DESCRIBED SOVIET-IRANIAN RELATIONS AS "TENSE".

IN REPLY, SHAHI STRESSED THE IMPORTANCE OF HAVING A PERSONAL EQUATION WITH KHOMEINI AND THE AYATOLLAH'S UNCERTAINTY ABOUT CONTINUING ANY PROGRAM OR POLICY BEGUN BY THE SHAH. HE FELT THAT SENDING A DELEGATION TO KHOMEINI WOULD BE THE ONLY WAY TO IMPROVE US RELATIONS WITH THE IRANIS, BUT RECOGNIZED THAT THIS COULD BE DIFFICULT FOR US IN TERMS OF US PUBLIC OPINION.

SHAHNAWAZ MENTIONED THAT PGOI SUSPICIONS OF ANYTHING ESTABLISHED BY THE SHAH LED IT TO WANT TO ABOLISH THE RCD. HE SAID THAT PAKISTAN WAS TRYING TO SAVE THE ORGANIZATION. PAKISTAN WAS "EVALUATING" THE ROLE OF RCD, AND HOPED THAT THE RESULTS OF THIS STUDY WOULD PERSUADE THE IRANIS THAT THE RCD HAD UTILITY IN FURTHERING REGIONAL ECONOMIC COOPERATION.

IN RESPONSE TO A QUESTION, SHAHI NOTED THAT IT WOULD NOT BE EASY TO SET UP A NEW REGIONAL ECONOMIC INSTITUTION. THE PERSIAN GULF SHAIKHDOMS, WHICH WOULD LOGICALLY BE INCLUDED IN A NEW ORGANIZATION, WERE UNEASY ABOUT THE REVOLUTION IN IRAN AND WOULD THEREFORE PROBABLY BE NERVOUS ABOUT AN ORGANIZATION WHICH LINKED THEM WITH IRAN AND WHICH HAD IRAN IN SOME SORT OF LEADERSHIP POSITION.

PAKISTAN: OPENING THE DISCUSSION ON PAKISTAN'S SECURITY REQUIREMENTS. NEWSOM SAID HE WOULD LIKE TO KNOW HOW THE GOP THOUGHT WE COULD ASSIST PAKISTAN "IF WE ARE

ABLE TO RESOLVE THE PROBLEMS THAT CONFRONT US". NEWSOM INDICATED THAT THE US VIEWED PAKISTAN'S SECURITY REQUIRE-

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INFO RUMJPG/AMEMBASSY BEIJING 0391  
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RUSBLK/AMEMBASSY KABUL 0273  
RUDTC/AMEMBASSY LONDON 0035  
RUEHMO/AMEMBASSY MOSCOW 8192  
RUSBAE/AMEMBASSY NEW DELHI 1997  
RUFNPS/AMEMBASSY PARIS 1389  
RUGMHR/AMEMBASSY TEHRAN 5138

BT  
C O N F I D E N T I A L FINAL SECTION OF 04 STATE 277901/  
MENTS AS FALLING INTO THREE GENERAL CATEGORIES:

(A) THE DEVELOPMENT OF A HEALTHY BODY POLITIC AND THE SEARCH FOR BALANCED ECONOMIC DEVELOPMENT WERE FUNDAMENTAL TO ANY COUNTRY'S SECURITY. OBVIOUSLY THESE ARE ISSUES ON WHICH ONLY PAKISTANIS THEMSELVES CAN MAKE DECISIONS, BUT OTHER COUNTRIES CAN PROVIDE ECONOMIC AND TECHNICAL HELP TOWARD REACHING THESE GOALS.

(B) AN ADEQUATE MILITARY DEFENSE. OUR PERCEPTIONS OF WHAT IS ADEQUATE MAY DIFFER SOMEWHAT, BUT WE DO AGREE THAT CONSIDERABLE MODERNIZATION AND UPGRADING OF EQUIPMENT IS BADLY NEEDED. THESE REQUIREMENTS, HOWEVER, HAD TO BE WEIGHED AGAINST THE NEED FOR SOUND ECONOMIC DEVELOPMENT.

(C) IN THE DIPLOMATIC ARENA, A COUNTRY WITH LIMITED RESOURCES SUCH AS PAKISTAN ADDS TO ITS SECURITY VERY SIGNIFICANTLY BY SUSTAINING A NETWORK OF EXTERNAL TIES WHICH HELP TO BALANCE THOSE FORCES PAKISTAN FINDS INIMICAL TO ITS INTERESTS. OVER THE YEARS PAKISTAN HAD FOUND IT NECESSARY TO PURSUE A MIXTURE OF PRACTICAL DIPLOMACY DESIGNED TO LIMIT CONFRONTATIONS WITH ITS NEIGHBORS AND EFFORTS TO GAIN DIPLOMATIC SUPPORT AMONG OUTSIDE POWERS.

WHILE THERE ARE SOME AREAS IN WHICH PAKISTAN OF NECESSITY WOULD HAVE TO DEPEND PRINCIPALLY ON ITS OWN SOURCES, THE US HAD IN THE PAST TRIED TO BE RESPONSIVE IN ALL THREE GENERAL AREAS. TO THE EXTENT OUR OVERALL RELATIONS PERMIT IT, WE WOULD LIKE TO CONTINUE OUR SUPPORT IN EACH OF THESE AREAS.

PICKING UP THE THEME OF A "MIX" OF MILITARY AND DIPLOMATIC MEASURES, SHAHI ASKED WHAT THE US WAS PREPARED TO DO TO ENHANCE PAKISTAN'S DEFENSE CAPABILITY. NEWSOM DESCRIBED THE LEGISLATIVE CONSTRAINTS ON JOF AID PROGRAM AND NOTED PROBLEMS WITH MAJOR MILITARY SALES REQUIRING CONGRESSIONAL ACQUIESCENCE. THE PAKISTANIS MADE CLEAR THAT INDIA REMAINED THE PRINCIPAL THREAT AGAINST WHICH PAKISTAN MUST PLAN ITS DEFENSE, AND SUGGESTED THAT THE ABSENCE OF A GOOD FIGHTER AIRCRAFT, SUCH AS F-16S, WAS THEIR KEY WEAKNESS. IN A DISCUSSION OF THE DIPLOMATIC ELEMENTS OF PAKISTANI SECURITY, THE US SIDE STRESSED ITS INTENTION TO CONTINUE TO TAKE INTO ACCOUNT PAKISTAN'S INTERESTS IN THE MANAGEMENT OF ITS RELATIONS WITH THE MAJOR CONTINENTAL POWERS OF ASIA. WE ALSO SAID WE WOULD CONTINUE TO USE OUR INFLUENCE IN NEW DELHI TO ENCOURAGE INDIAN RESTRAINT AND COOPERATION WITH PAKISTAN. ON AFGHANISTAN, HE SAID WE

WOULD USE WHATEVER LEVERAGE WE HAD IN KABUL TO ENCOURAGE AFGHAN RESTRAINT RELATIVE TO PAKISTAN, AND THAT WE WOULD CONTINUE TO IMPRESS UPON THE SOVIETS THAT WE EXPECT THEM TO RESPECT AFGHAN INDEPENDENCE AND TO REFRAIN FROM INTERFERING IN AFGHAN INTERNAL AFFAIRS. THE US SIDE SPECIFICALLY AFFIRMED THAT THE 1959 BILATERAL AGREEMENT WITH PAKISTAN WOULD BE RELEVANT IN THE EVENT OF AGGRESSION IN AFGHANISTAN. (FULLER DISCUSSION OF THIS SUBJECT IN TEL.) VANCE

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TO RUEHC/SECSTATE WASHDC 5485  
INFO RUSBKR/AMCONSUL KAKACHI 8998  
RUGMHR/AMEMBASSY TEHRAN 5486  
BT  
C O N F I D E N T I A L

CN: 1160

ECON

CHARGE  
POL  
RF  
CHRON

LIMITED OFFICIAL USE ISLAMABAD 12276

E.O. 12065: NA  
TAGS: EFIN EAID EAGR PK  
SUBJECT: TERMS OF IRANIAN RESCHEDULING MADE PUBLIC

REF: (A) ISLAMABAD 9549 (B) ISLAMABAD 10656

1. THE TERMS OF THE RESCHEDULING OF THE \$580 MILLION IRANIAN LOAN HAVE NOW BEEN MADE PUBLIC. THE ORIGINAL TERMS OF THE LOAN CALLED FOR 10 EQUALN SEMI-ANNUAL PAYMENTS FOLLOWING A 1 YEAR GRACE PERIOD. THE GRACE PERIOD, NOW EXTENDED TO FIVE YEARS, WILL END IN DECEMBER OF 1979 AND THE NEW PAYMENT SCHEDULE CALLS FOR 22 EQUAL SEMI-ANNUAL PAYMENTS.
2. THESE TERMS ARE THE ONES WE HAD HEARD ABOUT EARLEIR (REF: A) AND WERE IMPLICITLY TAKEN INTO ACCOUNT IN THE DEBT FIGURE GIVEN TO US BY THE GOP AND USED IN OUR BALANCE OF PAYMENT FORECAST (REFTEL B).
3. USING THE NEW REPAYMENT SCHEDULE AND A 2.5 PERCENT INTEREST RATE GIVEN TO US BY THE MOF, EACH SEMI-ANNUAL PAYMENT COMES OUT TO BE \$30.3 MILLION.

HUMMEL

BT  
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