

March 23, 1981

**Bureau of Intelligence and Research, US
Department of State, 'Pakistan and the US: Seeking
Ways to Improve Relations'**

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Summary:

A State Department Bureau of Intelligence and Research report on the desire of the Pakistani leadership to improve relations with the U.S. and negotiate a more substantial aid package. The report warns against becoming too close to General Zia, as close relations with him "might harm future relations" should he be swept from power.

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(U) PAKISTAN AND THE US: SEEKING WAYS TO
IMPROVE RELATIONSSummary

(C) Since the Soviet invasion of Afghanistan in December 1979, Pakistan has been seeking ways to improve bilateral relations with the US. The Pakistani interest is motivated primarily by concerns about the Soviet Union's ultimate intentions in the area, a feeling of encirclement by hostile neighbors, and a perception of the US as the only real counter-balance to the Soviets.

(S) To deal with the threats along nearly their entire border, the Pakistanis rely on a military that is among the most professional in the region, but which is equipped with predominantly antiquated US and Chinese arms. For this reason, the Pakistanis will measure US efforts to rebuild a healthy relationship in large part by the amount of military aid the US is willing to offer. A figure that does not exceed the 1980 offer of about \$400 million is not likely to be acceptable. The Pakistanis will also judge the package on the extent to which it offers major end-items that were denied in the past, and on their perception of the reliability of US security guarantees.

(S) But the Pakistanis will not be satisfied with a US focus solely on the security aspect of the relationship. The economic component of US assistance may have an equally important impact on relations. The Pakistanis regard a prosperous economy to be as central to their stability and security as a strong military. Moreover, US economic aid is likely to be far less controversial among those Pakistanis who oppose the present regime and who may, eventually, return to power. The chances of a newly strengthened relationship surviving will depend on the extent to

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which those elements perceive the US interest to be in strengthening Pakistan as a country rather than a faction, and on the extent to which Indian fears that the US is seeking to create in Pakistan a counterforce to India can be assuaged.

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(C) US-Pakistani Relations a Product of Their History

Pakistan's interest in reviving close relations with the US has brought a halt to the process of deterioration at work prior to the Soviet invasion of Afghanistan. Increasing pressure from unfriendly neighbors as well as a sense of disappointment in the Islamic world and the nonaligned movement have led Pakistan to reconsider the value of a close relationship with the United States. At the same time, President Reagan's election has led many Pakistanis to expect a new appreciation in Washington of their country's geopolitical importance and of the "natural community of interests" between the US and Pakistan. Although a return to the late 1950s and early 1960s, when Pakistan saw itself as the "most allied" of US allies, is unlikely, Pakistan is clearly interested in a much closer economic and military relationship than has existed in recent years.

The natural development of bilateral relations, however, continues to be hampered by the previous course of US-Pakistani relations. In reality, the heyday of US-Pakistani relations encompassed a relatively brief period between the signing of the 1959 bilateral defense agreement and the beginning of the US arms aid to India following the 1962 Sino-Indian border clash. Nevertheless, the Pakistanis retain a somewhat romanticized view of relations at that time which they use as a benchmark in measuring current US performance.

The Pakistani view of bilateral relations since then is replete with instances of American failure, lack of will, and anti-Pakistani biases. Suspicions regarding US reliability were a primary factor in Pakistan's rejection in early 1980 of President Carter's \$400 million aid package. They continue to be a major factor in Pakistani perceptions of US aid. For this reason, the Pakistanis tend to emphasize the immediate benefits they receive from improved relations with the US while discounting long-range benefits.

The Stage Is Set for Improvement

(S) Following the 1980 failure to agree on an aid package for Pakistan, the two countries concentrated on building a low-key and, in many instances, confidential partnership. The fact that relations were kept away from the spotlight allowed both the US and Pakistan to concentrate on building a foundation of closer ties

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while avoiding the pitfalls that had caused the earlier attempt to fail. US actions, such as making an exception to allow debt rescheduling for Pakistan--considered by the Pakistanis to be their highest aid priority--and US willingness to discuss the provision of military equipment while allowing the Pakistanis to define the nature and pace of the discussions, were well received in Pakistan.

(C) In part because of this improvement in relations, Pakistan welcomed the arrival of the new administration in Washington and signaled its readiness to upgrade relations. The Pakistanis have considered Republican administrations to be historically friendlier than Democratic ones, which they believe favor India. Furthermore, Pakistan sees itself as a prime example of a friend of the United States slighted over the years for inconsequential reasons. Pakistanis were further encouraged by administration statements that the US would be a more faithful ally in the future. Finally, given Pakistan's position as a frontline state resisting Soviet expansion in Southwest Asia, they believed that the Reagan administration would see aid to Pakistan as a cornerstone of the new US policy.

(S) Pakistani Goals

The Pakistanis will judge any US offer by several criteria. First, regardless of the breakdown between economic and security assistance, the package offered to Pakistan will have to be substantially in excess of the \$400 million described by President Zia as "peanuts." For the sake of appearances, the Pakistanis cannot accept an offer that does not improve on the rejected offer. In addition, the Pakistanis sincerely believe that a package as small as the rejected \$400 million offer would not put them in position to deal with the dangers entailed by moving into a more intense confrontation with the Soviets and, perhaps, the Indians.

Second, the Pakistanis will examine the US security assistance package to see if it offers the kind of symbolic equipment they have repeatedly requested from the US, but have been denied. They will continue to seek diversification of their inventory and may choose to acquire some types of equipment elsewhere. They have shown interest in the Mirage 2000, for example. Pakistan will face serious difficulties in any attempt to finance a major purchase of sophisticated weaponry. Nevertheless, US failure to include such an offer would indicate to the Pakistanis that they have not yet emerged from second-class status.

Finally, despite the fact that considerations of US-Pakistan relations have centered on the security aspects, the Pakistanis

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do not desire or expect that this will be the only focus. They hope that Pakistan's economic needs will not be ignored as US planners consider new aid packages. In fact, senior Pakistani officials have said that they consider undue emphasis on the security aspects of the relationship to have been a principal factor in the earlier foundering of relations. The desirability of economic assistance has been a steady theme of the Pakistani leadership since the possibility of resumed US aid was discussed in early 1980. And if Islamabad does not receive a satisfactory level of economic aid, the regime will judge the US as continuing the unsatisfactory policy of the past.

New Aid Relations May Create Other Problems

(S) Pakistani expectations are not the only difficulty in establishing a long-lasting improvement in US relations with Pakistan. It is possible that too close a US tie to the Zia regime might harm future relations. Circumstances that would lead to the Zia regime's demise do not appear to be immediately present. No popular alternative to Zia has emerged; Pakistan is enjoying a period of relative stability and prosperity; and the people do not appear to be looking for an excuse to change governments. Nevertheless, military rule in Pakistan is basically unpopular and in time Zia will be removed. Although his most probable immediate successor would be another military man with similar views, the military government will be replaced eventually by a government that could hold different views on foreign policy and the desirability of close ties to the US.

(S/NF/NC) This outcome would be most likely if there is a return to power by the Pakistan People's Party (PPP) led by the Bhutto family. Mrs. Bhutto has argued that Pakistan can not afford to maintain its confrontational attitude toward the Soviet Union over Afghanistan and should reach some compromise with the Soviets. Her two sons are known to have spent considerable periods of time in Kabul since their father's execution and are believed to be running a subversive anti-Zia movement, the People's Liberation Army, with ties to the Afghan Government, radical Islamic groups, and possibly the Soviet Union. This group has claimed credit for the hijacking of a Pakistani aircraft, the bombing at Karachi stadium during Pope John Paul II's visit, and other recent terrorist acts.

(S) A significant number of PPP members believe (as do a significant number of Pakistanis in general) that the US had a hand in the overthrow of the late Prime Minister Bhutto's government in 1977 and the installation of the Zia regime. While moderates in the PPP seek to continue good relations with the US, the PPP would view a major upgrading of US-Pakistani relations

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at this time as aimed at propping up the Zia regime rather than aiding Pakistan.

(S) The Pakistani nuclear program is also an issue that will not necessarily be remedied by better relations. Pakistan will not give up this program. It has become too closely associated with Pakistani nationalism for any government, especially a basically unpopular military regime, to abandon. And although there is a slight possibility that the Pakistanis could be convinced to refrain from testing any device, even this would be difficult to accomplish. Many of the same motivations that created the program will also compel Pakistan to show that it is a success by testing it, i.e., to prove that Pakistanis are the equal of their Indian adversaries and that Pakistan cannot be "taken for granted."

(S) Finally, the Indian reaction to improved US-Pakistani relations could have a detrimental impact on the chances for fostering that relationship. The Indians are concerned about the creation of a "Washington-Islamabad-Beijing axis" which they would consider as much of a threat to their own security as a response to the Soviet invasion of Afghanistan. The Indians have not accepted the argument that the Soviet invasion of Afghanistan requires improvement of Pakistan's defense posture. If their perception that aid to Pakistan is aimed at them becomes the dominant influence on their reaction, they might well retaliate by moving closer to the Soviets, stepping up their own arms buildup, or returning to the development of a nuclear weapons capability--all of which would increase the pressure on Pakistan and negate much of the benefit from its improved relations with the US.

(S) Conclusions

US interests in aiding Pakistan are closely related to US national security and are certainly not negated by the drawbacks to that aid. But the difficulties are real. They may cause problems in future relations with Pakistan and present relations with Pakistan's neighbors.

Although there is no way to resolve these problems completely, the manner in which the US constructs its aid package for Pakistan can have a beneficial effect on reducing controversy without upsetting the Pakistani Government. Emphasizing US economic assistance to Pakistan would reduce opposition opportunities for charging that the US is interested only in securing Zia's grasp on power. At the same time, it would meet some of the Zia government's own concerns. Furthermore, it might help reduce Indian opposition to closer US-Pakistani ties. The Indians have long

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argued that the surest way to improve Pakistani security is through greater economic and political stability.

To a certain extent, however, US relations with India will suffer from closer US-Pakistani ties regardless of the manner in which those ties are couched. Both the Indians and the Pakistanis continue to see relations with a third country as an either/or proposition.

In the end, the manner in which the US deals with these tangential issues may have as great an impact on US relations with Pakistan as the delivery of aid.

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