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INFO OCT-01 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00 SSO-00

USIE-00 INRE-00 PM-03 H-01 INR-07 L-02 NSC-05 PA-01

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FM AMEMBASSY ISLAMABAD
TO SECSTATE WASHDC IMMEDIATE 8665
INFO AMEMBASSY NEW DELHI IMMEDIATE

DEPARTMENT OF STATE IM/IPS/GR/IR #3 Date: 8/7/97
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FOIA Exemptions _____ TS authority to
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E.O. 11652: N/A
TAGS: PFOR, PK, US, IN
SUBJ: PRIME MINISTER BHUTTO'S VISIT TO THE UNITED STATES

SUMMARY: PM BHUTTO TOOK MODERATE, CONSTRUCTIVE LINE TOWARD US-PAK RELATIONS IN GENERAL AND ARMS SUPPLY ISSUE IN PARTICULAR IN COURSE WIDELY PUBLICIZED PRESS CONFERENCE ON EVE US VISIT. THIS APPROACH, WHICH AVOIDED RECRIMINATIONS AND THREATS, MAY WELL FORESHADOW THE ONE HE INTENDS TO TAKE WITH THE MEDIA AND OTHERS IN THE US LATER THIS WEEK. END SUMMARY.

1. PRIME MINISTER BHUTTO, ON EVE FORTHCOMING VISIT TO THE UNITED STATES, GAVE INTERVIEW TO FOREIGN PRESS REPRESENTATIVES JANUARY 31 IN RAWALPINDI. PRESS CONFERENCE, WHICH COVERED SEVERAL ASPECTS OF PAKISTAN'S FOREIGN POLICY, WAS GIVEN NATIONAL TV COVERAGE ON FEBRUARY 2, AND REPORTED IN PRESS FEBRUARY 3. IT SEEMS LIKELY TO FORESHADOW THE APPROACH BHUTTO INTENDS TO TAKE WITH MEDIA AND OTHERS DURING HIS US VISIT.

2. BHUTTO TOOK MODERATE, CONSTRUCTIVE LINE ON PAK-

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US RELATIONS IN GENERAL AND US ARMS POLICY QUESTION IN PARTICULAR. HE AVOIDED RECRIMINATIONS AND THREATS, DISCUSSED DIFFERENCES IN APPROACH COOLY, AND TRIED, WITH CONSIDERABLE SUCCESS, TO PLACE SPECIFIC PROBLEMS IN BILATERAL RELATIONS AND DIFFERING ATTITUDES TOWARD VARIOUS INTERNATIONAL ISSUES IN THE CONTEXT OF THE GOOD, "WELL-GROUNDED" RELATIONSHIP WHICH EXISTS BETWEEN WASHINGTON-URNUJAI-SLAMABAD.

3. ON ARMS EMBARGO. QUERIED ABOUT SECRETARY KISSINGER'S STATEMENT THAT US WOULD NOT UPSET BALANCE OF POWER ON SUBCONTINENT, BHUTTO SAID THIS COULD BE READ TWO WAYS. IT COULD BE REGARDED AS A DIPLOMATIC STATEMENT BECAUSE BALANCE OF POWER IN SUBCONTINENT HAD CHANGED SO MUCH TO INDIA'S ADVANTAGE THAT LIFTING EMBARGO WOULD NOT MATERIALLY ALTER BALANCE OF POWER. THIS, HE SAID, IS POINT PAKS HAVE BEEN STRESSING BECAUSE LIFTING EMBARGO MEANS LIFTING IT FOR BOTH COUNTRIES - INDIA AND PAKISTAN. HOWEVER, INDIA NOT INTERESTED IN ENDING EMBARGO BECAUSE THEY ARE RECEIVING MILITARY ASSISTANCE FROM OTHER SOURCES AND ARE QUITE SATISFIED WITH SITUATION.

4. BHUTTO TRIED TO MINIMIZE SIGNIFICANCE OF ANY RESUMPTION OF ARMS SUPPLY BY STRESSING LIMITED AMOUNT OF ARMS PAKS WOULD PURCHASE. WE HAVE BALANCE OF PAYMENTS DIFFICULTIES, HE ASSERTED, THEREFORE COULD NOT AFFORD ENOUGH ARMS TO ALTER BALANCE OF POWER IN SUBCONTINENT. IF EMBARGO LIFTED, HE ADDED, WE WOULD BE INTERESTED IN REPLACING OBSOLETE EQUIPMENT AND ALSO IN OBTAINING EQUIPMENT FOR DEFENSE PURPOSES. US SHOULD HAVE NO FEAR THAT ENDING EMBARGO WOULD CAUSE MOUNTING TENSIONS AS THE PRACTICAL EFFECTS OF RESUMPTION OF ARMS SUPPLY WOULD HAVE VERY LIMITED SCOPE.

5. ON US-PAK ECONOMIC COOPERATION. BHUTTO REMARKED THAT PAKS ALREADY HAVE CONSIDERABLE ECONOMIC, AS WELL AS OTHER, COOPERATION WITH THE US BUT THAT "IF WE CAN GET GREATER COOPERATION ON ECONOMIC MATTERS, ON INVESTMENT, INDUSTRIAL PROJECTS, AND CONSORTIUM LOANS, ALL THAT WILL HELP US IMMENSELY AT A VERY CRUCIAL TIME." AS TO THE RECENT INCREASES IN OIL PRICES, PM STATED,

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THESE HAD AFFECTED PAK BALANCE OF PAYMENTS BUT PAKS CONTINUE TO HOLD POSITION THAT PRICE INCREASE IS NOT SOLE FACTOR WHICH BROUGHT ABOUT WORLDWIDE INFLATION.

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"IN FACT, TODAY IT WAS NOT THE DECISIVE FACTOR IN THE INFLATIONARY SITUATION."

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6. DIFFERENCES IN PAK-US VIEWS ON INTERNATIONAL MATTERS. BHUTTO OBSERVED THAT ONE DOES NOT HAVE TO SAY "YES" TO THE UNITED STATES TO HAVE GOOD RELATIONS WITH THEM. WE HAVE DISAGREED ON A NUMBER OF IMPORTANT MATTERS, NEVERTHELESS OUR RELATIONS HAVE BEEN GOOD. ITEMS OF DISAGREEMENT WHICH HE SINGLED OUT INCLUDED DIFFERENT POSITIONS ON VIETNAM, CAMBODIA AND THE MIDDLE EAST. TO EXPLAIN POSITIONS WHICH DIFFERENT FROM THOSE OF US, PM POINTED OUT THAT PAKISTAN BELONGS TO THE THIRD WORLD AND WILL STAND WITH THIRD WORLD. "WE HAVE STOOD BY OUR FRIENDS AND THERE SHOULD BE NO MISTAKE ABOUT THAT."

7. IN ADDITION TO SPATE OF EDITORIALS IN PRESS ON US-PAK RELATIONS (USIS REPORTING THESE IN SEPTTEL), NOTE-WORTHY PIECE ON THIS QUESTION BY H.K. BURKI APPEARED IN TODAY'S PAK TIMES. BURKI, PAPER'S DIPLOMATIC CORRESPONDENT, IS OFTEN CONSIDERED TO REFLECT GOP POSITION AND WILL BE WITH BHUTTO PARTY IN US. HE WROTE THAT PRIMARY OBJECTIVE OF TRIP IS TO MAKE ACQUAINTANCE WITH PRESIDENT FORD AND LEARN NEW FACES IN CONGRESS. BURKI, TOO, DEALS WITH QUESTION OF ARMS SUPPLY, CLAIMING THAT PAKISTAN NOW FINDING THE ACQUISITION OF LARGE QUANTITIES OF SOPHISTICATED WEAPONS BY ITS NEIGHBORS TO EAST AND WEST SO ALARMING THAT PM MAY NOW EXPECT US TO LIFT EMBARGO. HOWEVER, IN EVENT OF ANOTHER NEGATIVE RESPONSE BY WASHINGTON, BURKI WARNS, BHUTTO WILL HAVE NO CHOICE LEFT BUT TO TAKE SOME "HARD AND FAR-REACHING DECISIONS" TO SECURE PAKISTAN'S DEFENSE. BHUTTO HIMSELF WAS NOT ASKED ABOUT MEASURES GOP MIGHT TAKE IN EVENT USG DECLINED TO CHANGE POLICY.

8. SEPTTEL FOLLOWS ON BHUTTO'S COMMENTS ON PAK-INDIAN RELATIONS.

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