

DEF 12-5 PAK

DECLASSIFIED
E.O. 12958, Sec. 3.4

NND 969024
By *ST/USW* Date *3/4/98*

Department of State

TELEGRAM



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ACTION: SS-45

INFO: OCT-01 /046 W:

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FMI AMEMBASSY ISLAMABAD
TO SECSTATE WASHDC PRIORITY 7078

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SUBJ: CONVERSATION WITH PRESIDENT YAHYA RE CREDIT FOR ONE-TIME EXCEPTION ARMS PACKAGE AND APC CONTRACT IMPLEMENTATION

REF: STATE 20428 AND 29201

1. AT LEAST ^{*Def 12-5 PAK*} 30 MINUTES OF THE HOUR-LONG CONVERSATION WHICH I HAD WITH PRESIDENT YAHYA FEB. 25, BEGINNING AT NOON, WERE DEDICATED TO THE SUBJECT OF THE ONE-TIME ARMS EXCEPTION PACKAGE FOR PAKISTAN AND THE MATTER OF CREDIT, OR, LACK THEREOF, AS APPLICABLE THERETO.

2. I BEGAN BY REVIEWING THE HISTORY OF THE PACKAGE OFFER, NOTING THAT IN THE FIRST CONVERSATION ON JUNE 20, 1970, AND, SUBSEQUENTLY, IN ALL OTHER RELATED CONVERSATIONS, THE OFFER SPECIFICALLY CALLED FOR CASH. I RECALLED ALSO THAT ON JUNE 20TH PRESIDENT YAHYA HAD INDICATED THAT THE FINANCIAL CONDITION OF THE GOP MADE SOME FORM CREDIT NECESSARY IF THE OFFER WAS TO BE MEANINGFUL. I ALSO RECALLED THAT ON A NUMBER OF OTHER OCCASIONS HE HAD SPECIFICALLY MENTIONED THE NEED FOR CREDIT. I STATED THAT DURING THOSE CONVERSATIONS I HAD REPEATEDLY REITERATED I HAD NO AUTHORITY TO GO BEYOND THE OFFER AS MADE BUT THAT I WOULD BRING TO MY GOVERNMENT'S ATTENTION HIS CONCERN AND HIS REQUEST FOR CREDIT AS APPLICABLE TO THE LETHAL END ITEMS IN THE PACKAGE.

3. AFTER THE FOREGOING REVIEW, I AGAIN CAREFULLY SPELLED OUT THE SPECIFIC TERMS OF THE PACKAGE OFFER AND EMPHASIZED THE CASH REQUIREMENT. I EXPLAINED THAT, ON A NUMBER OF OCCASIONS BOTH BY TELEGRAPHIC CORRESPONDENCE AND IN PERSON WHILE I WAS IN WASHINGTON LAST, I HAD EMPHASIZED YAHYA'S EXPRESSED HOPE THAT CREDIT COULD BE EXTENDED. FURTHER I INFORMED HIM THAT CONCERN FOR THE SUBJECT

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OF CREDIT HAD BEEN NOTED IN HIGH PLACES IN MY GOVERNMENT AND THAT A CAREFUL EXAMINATION OF THE QUESTIONS HAD BEEN UNDERTAKEN IN WASHINGTON. I THEN ENUNCIATED THE RESULT OF THIS INVESTIGATION, READ THE STATEMENT WHICH I WAS REQUESTED TO QUOTE, AND EXPLAINED THE MEANING AND UTILITY OF THE 13 MILLION DOLLAR FMS CREDIT.

4. YAHYA SAID HE WAS SADDENED AND DEPRESSED AND THAT THERE WAS NO USE IN INDICATING HIS FEELINGS TO BE OTHERWISE. HE INDICATED THAT HE HAD HOPED, APPARENTLY WITHOUT JUSTIFICATION, THAT THE UNITED STATES, IN EVIDENCE OF ITS FRIENDSHIP TO PAKISTAN, WOULD MAKE CREDIT AVAILABLE IN ORDER THAT THE LETHAL END ITEMS OFFERED COULD BE PURCHASED. HE SAID THAT IT SEEMED TO HIM THAT, WITH THE KNOWLEDGE OF THE GOP'S FINANCIAL CONDITION, THE OFFER WOULD HAVE LITTLE MEANING WITHOUT A CREDIT CLAUSE AND THAT HE HAD ASSUMED THAT THE OFFER WAS BOTH MEANINGFUL AND OF SUBSTANCE. HE ADDED THAT WHAT HE WAS SAYING IN NO WAY DETRACTED FROM HIS FEELINGS OF GOODWILL TOWARDS PRESIDENT NIXON WHO HE KNEW HAD SINCERE ATTACHMENT FOR PAKISTAN, BUT HE WISHED THE DECISION COULD HAVE BEEN OTHERWISE. MOST PARTICULARLY, HE SAID, THE NEGATIVE DECISION, WHICH IF AFFIRMATIVE WOULD HAVE MEANT SO MUCH TO HIM, CAME ON A DAY THAT WAS CRITICAL TO PAKISTAN'S FUTURE, AND, CONSEQUENTLY, WAS "HARDER TO TAKE" THAN UNDER NORMAL CIRCUMSTANCES. IN A SENSE HE FELT AS IF "EVERYTHING IS FALLING DOWN AROUND MY HEAD." HE SUGGESTED THAT WE DISCUSS THIS GENERAL SUBJECT AT A LATER DATE BUT OF PARTICULAR CONCERN TO HIM AT THE MOMENT WAS THE MATTER OF THE APCS.

5. ON THE SUBJECT OF THE APC PURCHASE, PRESIDENT YAHYA SAID THAT THERE HAD BEEN SO MUCH GOING ON POLITICALLY AND SO MUCH OF HIS TIME HAD BEEN PREOCCUPIED WITH HIS EFFORT TO GET TOGETHER THE DIVERGENT POINTS OF VIEW OF SHEIKH MUJIBUR AND BHUTTO THAT HE HAD NOT HAD TIME TO FOCUS ON THE CRITICAL MATTER OF THE PURCHASE OF APCS. HE AVOWED THAT, IN HIS OPINION, FOR A NUMBER OF REASONS HIS GOVERNMENT NEEDED TO CONSUMMATE THIS PURCHASE ORDER. HE SAID THAT, AS FAR AS HE WAS CONCERNED, HIS GOVERNMENT WAS COMMITTED TO THE PURCHASE AND THAT HE WOULD HAVE HIS DEFENSE SECRETARY GET IN TOUCH WITH ME THIS AFTERNOON, AND ALTHOUGH HE (YAHYA) DID NOT KNOW WHEN THE MONEY WOULD COME FROM, NONETHELESS IT WOULD BE FORTHCOMING SOONEST. HE CONCLUDED BY SAYING THAT WHILE HE UNDERSTOOD FROM ME THE CONTRACT HAD BEEN TERMINATED AS OF MIDNIGHT LAST NIGHT MOST ASSUREDLY HE HOPED THAT IN THIS INSTANCE MY GOVERNMENT WOULD NOT USE "A MATTER OF HOURS" TO PRECLUDE HIS GOVERNMENT FROM PROCEEDING

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AFFIRMATIVELY WITH THIS ORDER IN ACCORDANCE WITH ITS TERMS AS OFFERED.
6. I TOLD YAHYA THAT I COULD GIVE HIM NO ASSURANCE EXCEPT TO AGAIN INFORM HIM THAT MY GOVERNMENT WAS MOST SYMPATHETIC OF HIS EFFORTS TO MOVE HIS COUNTRY BACK INTO A TRULY DEMOCRATIC REGIME AND, VIEWED IN THE CLIMATE, IT WAS REASONABLE TO EXPECT THE THE USG WOULD DO ALL THAT APPROPRIATELY COULD BE DONE UNDER THE CIRCUMSTANCES.

7. COMMENT: SINCE SO MUCH TURNS ON SO LITTLE, I, TOO, MOST ASSUREDLY HOPE THAT A FAVORABLE RESPONSE ON THE APC OFFER WILL BE FORTHCOMING. GP-3
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