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January 28, 1972

MEMORANDUM FOR MR. HENRY A. KISSINGER
THE WHITE HOUSE

Subject: Alternate Strategies for South Asia

Assuming a continuing U.S. interest in all of the countries of South Asia, the immediate problems which we face are ones of timing. We can either maintain our present posture of close cooperation with Pakistan and relative aloofness from India and Bangladesh or we can move at a reasonable measured pace to normalize our relations with India and Bangladesh while attempting to preserve the present relationship with Pakistan.

Strategy I - Under this strategy we would make no major policy modifications while Bhutto is working towards negotiations with the East Bengalis and the Indians, while the process of Indian withdrawal in the East is incomplete, and while the Bangladesh government is still establishing itself. Since few immediate decisions are required we would adopt a waiting posture, going forward with programs slowly as events on the ground dictated.

Strategy II - As an alternative we might seek to move at a somewhat earlier date to take advantage of the state of flux in the area, not only to build upon the close relations with Pakistan developed over recent months, but also to develop a relationship with Bangladesh before its external ties are set, perhaps to our disadvantage, with the Soviet Union and other communist countries, and to respond to Indian initiatives for a normalization of relations. This strategy would begin to move the U.S. to a more independent position vis a vis the three major powers of the area.

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In the sections which follow decisions are sketched out consistent with each of the above scenarios in the various major areas of policy concern - political, economic and military, including specifically the issues of political dialogue, recognition of Bangladesh, military supply, humanitarian assistance and economic assistance.

A. Political Dialogue

Strategy I - We would continue close consultation with Bhutto, particularly on questions involving the aftermath of the Indo-Pak War, such as troop repatriation, and withdrawals. We would also consult with Bhutto on recognition and indicate to him that we would take no precipitous action in this area until he had sorted out his own relationship with Dacca. With India we would take no initiatives to normalize relations, beyond indicating to the GOI that we hope to put our relations on a new basis once bilateral Indo-Pakistan issues had moved somewhat closer to settlement. In this process we would take into account Indian policies and actions in other parts of the world and their impact on our interests. We would not plan to give the Indians any special briefing on the Peking visit, whereas we would give President Bhutto a fairly complete briefing. With respect to Bangladesh we would continue to avoid substantive political discussions with the Bangladesh leadership.

Strategy II - In addition to continuing close consultation with Bhutto we would encourage the GOP to undertake a dialogue with Bangladesh and India on a range of post-war problems providing as appropriate suggestions for their resolution. With India we would rather more positively indicate our interest in normalizing relations, and without minimizing our differences, seek to discuss various post-hostilities problems and the requirements as we see them for a more satisfactory basis for our relations. We would plan to brief India on the Peking visit. We would informally even in advance of recognition begin to have limited contacts with Bangladesh leaders, in an effort to create the basis for a constructive future relationship. In the case of India, after the completion of the President's Moscow visit, we might consider holding bilateral talks in New Delhi at the Under Secretary or Assistant Secretary level. Similar talks might also be held with the GOP in Islamabad.

B. Recognition of Bangladesh

Strategy I - We would delay recognition until Bhutto had sorted out his own relations with Dacca or until circumstances forced a decision, and in any event, not until after the President's China trip. Such a decision might not be forced upon us for several months when Bangladesh's application for UN membership had to be considered.

Strategy II - We would signal in the near future to Mujib, as part of informal political discussions, our feeling that there might be positive advantages for Bhutto in the USG's moving toward recognition of Bangladesh. Once Bhutto's timetable had run its course we would be prepared to recognize Bangladesh, or sooner if Bhutto himself had no problems. We would discreetly encourage Bhutto to face up to the realities in the East, publicly as well as privately, once most other countries including our major allies had recognized. As part of our emerging dialogue with the Indians we would keep them informed of our plans. Under this strategy a tentative target date for recognition might be shortly after the Peking trip.

C. Economic Aid Policy

Strategy I - In addition to concluding negotiations with Pakistan for a \$27 million wheat and edible oil PL-480 agreement we would be as forthcoming as possible in helping Pakistan arrange the export of its rice surplus to Bangladesh. We would defer any decisions relating to aid projects in Bangladesh until there had been some progress in Dacca-Islamabad negotiations. We would be forthcoming on debt rescheduling and willing to provide continuing development support when a revised development plan is available. With India on the other hand we would maintain the suspension of the \$87 million FY 1971 pipeline. We might, however, indicate our willingness to go ahead on a vegetable oil agreement which is primarily in the interest of American domestic suppliers. For domestic commercial reasons we would also remove informal restrictions currently in effect on Ex-Im, OPIC and CCC. We would not provide new development aid until we have sorted out our relations with India.

Strategy II - As in the first option we would be forthcoming on economic assistance for Pakistan. We might, however, attempt to phase new development commitments so that not all decisions favorable to Pakistan were taken in advance of those for India. With respect to aid for India we would somewhat accelerate our decision to restore the pipeline suspension perhaps as early as the beginning of March.

Further steps such as participation in a debt relief exercise for India would be held up until the May consortium meeting. For Bangladesh we would indicate at an early date our willingness to continue to finance existing aid projects and would seek to find ways of continuing high prestige operations such as the Cholera Research Laboratory.

D. Humanitarian Relief

Strategy I - Our humanitarian efforts would be concentrated primarily in Bangladesh, within the framework of the United Nations appeal. We would seek the broadest possible international support including that of the USSR. We would be prepared to commit portions of the pipeline of 725,000 metric tons of PL-480 foodgrains and perhaps additional resources through the United Nations and, to a lesser degree, voluntary agencies. We would cooperate in but not instigate a UN and IBRD effort to formulate a long-term rehabilitation plan. We would make an initial contribution of about \$10 million in commodities to the current UNHCR's appeal for refugee relief in India. We would not make further major commitments in either Bangladesh or India in the absence of clear evidence of broad international support. U.S. support of the UN relief effort should under current circumstances be in the range of 30 to 35 percent of the total actually made available by all donors.

Strategy II - As in the first strategy we would support UN appeals for Bangladesh. We would continue to work closely and actively through the UN in cooperation with the international community and would be prepared to provide up to 30-35 percent of the total actually made available by all donors. We would hold open the option of playing a larger role. In India we would support the UNHCR's appeal providing an initial \$10 million and would be prepared to respond positively up to 30-35 percent of total international contributions.

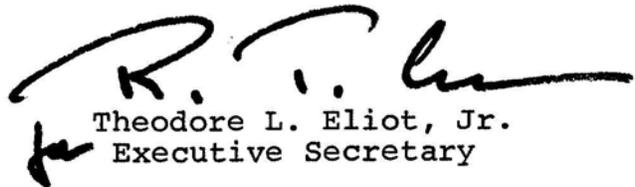
E. Military Supply

Strategy I - While in the short run we would make no modification in our current hold on munitions list licenses, we would be prepared to consider meeting Pakistani needs to replace wartime losses if such assistance was requested at the political level. There would be no general resumption of a military supply relationship with India. We would only modify our restrictions on our embargo to India to the extent it was necessary to do so for non-military items of significant commercial interest to the United States.

For domestic commercial reasons and considering the absence of any equipment of major military significance on the Commerce license list we would no longer continue to apply special restrictions on Commerce licenses for either India or Pakistan.

Strategy II - Instead of being prepared to consider meeting Pakistan's need to replace wartime losses we would defer a decision on any GOP requests for major items of equipment until we had defined our broader policy, taking into account the course of events in Pakistan and Bangladesh and the progress we were making in our relations with India. Among the options we might consider are: (a) a return to the non-lethal sales policy of 1966; (b) the limited lethal spare parts policy of 1967; (c) an open cash and carry sales policy for lethal equipment; (d) a new one-time exception for Pakistan; (e) a combination of several of these options.

As in Strategy I, we would remove all special restrictions on Commerce licensing in both Pakistan and India.


Theodore L. Eliot, Jr.
Executive Secretary