

BY ST/150 Date 5/11/78

Department of State

SOC 10 AFG
XR FN 14 AFG

TELEGRAM

XR AID (US) 15-9 AFG
XR AID (US) 15-8 AFG

(11)



~~CONFIDENTIAL~~ 173

Kabul 6010
9-28-71

PAGE 01 KABUL 06010 01 OF 02 280926Z

41
ACTION NEA-11

INFO OCT-01 CIAE-00 PM-06 H-02 INR-06 L-03 NSAE-00 NSC-10
P-03 RSC-01 PRS-01 SS-14 USIA-12 OMB-01 E-11 TRSE-00
TRSY-11 AID-20 IGA-02 EUR-14 FRB-02 COM-08 XMB-06
RSR-01 /146 W

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R: 280755Z SEP 71
FM AMEMBASSY KABUL
TO SECSTATE WASHDC 6403

~~CONFIDENTIAL~~ SECTION 1 OF 2 KABUL 6010

SUBJECT: CONVERSATION WITH MFA SHAFIQ--ECONOMIC MATTERS
REFS: (A) STATE 176988; (B) KABUL 6011 - ^{UC} DNG CHICOM

1. SUMMARY: DURING MY CONVERSATION WITH RGA FOREIGN
MSCISTER SHAFIQ, SEPTEMBER 26, I ADVISED HIM OF USG DECISION
SUPPLY 100,000 TONS WHEAT AS GRANT UNDER TITLE II AND REVIEWED
WITH HIM ELEMENTS OF AFGHAN REQUEST FOR DEBT MORATORIUM AND
RESCHEDULING WITH REGARD TO SOVIET POSITION. SHAFIQ EXPRESSED
PROFOUND THANKS FOR ADDITIONAL WHEAT ASSISTANCE AND NOTED
RGA DID NOT HAVE AGREED POSITION CONCERNING SOVIETS ON
MORATORIUM. HE WELL AWARE NEED FOR MULTILATERAL NEGOTIATIONS
AND EQUAL TREATMENT BETWEEN SOVIETS AND WESTERN CREDITORS.

2. DURING MY CONVERSATION WITH RGA MINISTER OF FOREIGN
AFFAIRS SHAFIQ, SEPTEMBER 26 (SEE SEPTELS), I INFORMED HIM
THAT IN RESPONSE TO RGA APPEAL FOR EMERGENCY ASSISTANCE TO
MEET EFFECTS OF DROUGHT THAT USG HAD APPROVED A PROGRAM FOR
100,000 METRIC TONS WHEAT AS GRANT UNDER TITLE II OF
PL 480 AND THAT PROGRAM INCLUDED USG FINANCING OF
OCEAN TRANSPORTATION TO KARACHI. I BRIEFLY SKETCHED OTHER
DETAILS CONTAINED IN REF A AND SAID THAT WE WERE PLEASED TO BE
FORTHCOMING AND COMMENTED ON SPEED WITH WHICH WASHINGTON
WAS ABLE TO RESPOND TO REQUEST ONCE RECEIVED. I ALSO NOTED
IMPORTANCE OF DR. WAKIL'S FOOD-FOR-WORK PROGRAM AS A

(4)

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Correction not rec'd

DN 969015

By STW Date 5/1/78



Department of State

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PAGE 02 KABUL 06010 01 OF 02 280926Z

KEY VEHICLE BEING UTILIZED BY RGA TO MEET THIS PROBLEM.

3. SHAFIQ EXPRESSED HIGH GRATIFICATION, THANKING ME PERSONALLY

FOR ROLE I HAD PLAYED, COMMENTING IN ADDITION AT LENGTH ON SPEED OF FINALIZING ACTION ON EARLIER AUGUST 23 PL 480 SALES AGREEMENT. HE COMMENTED THAT LONG TRADITION OF ASSISTANCE FROM U.S. IS FULLY APPRECIATED BY RGA AND GRANT OF 100,000 TONS WAS ANOTHER EXAMPLE OF THIS RELATIONSHIP. HE SAID HE WOULD IMMEDIATELY INFORM PRIME MINISTER ZAHIR AND DR. WAKIL. I REMARKED THAT THERE HAD BEEN RELATIVELY LITTLE PUBLICITY FOR AUGUST SIGNING OF TITLE I AGREEMENT DUE TO ABSENCE OF NEWSPAPERS FOR ONE WEEK DURING JESHYN PERIOD AND EXPRESSED HOPE THAT APPROPRIATE PUBLIC ANNOUNCEMENT COULD BE ARRANGED. I NOTED THAT IT POSSIBLE THAT RGA MIGHT CONSIDER SUCH PUBLICITY COUNTER-PRODUCTIVE BECAUSE OTHER POTENTIAL DONORS MIGHT FEEL THAT ACTIONS BY USG WERE SUFFICIENT TO MEET AFGHAN NEEDS. ON OTHER HAND, I POINTED OUT PUBLICITY COULD ACT AS SPUR TO ENCOURAGE OTHERS. SHAFIQ REPLIED THAT MY OBSERVATIONS WERE ENTIRELY PROPER AND AGREED THAT LITTLE HAD BEEN DONE ON THIS SCORE. HE OBSERVED, HOWEVER, THAT WE SHOULD NOT UNDERESTIMATE HOW RAPIDLY AND FAR SUCH INFORMATION IS SPREAD IN AFGHANISTAN. HE SAID THAT WITHIN ONE WEEK AFTER SIGNING AUGUST AGREEMENT THERE HAD BEEN PRECIPITOUS DROP IN WHEAT PRICE AND WITHIN TEN DAYS THERE HAD BEEN DROP OF SEVEN AFS PER SEER IN PUBLIC PRICE OF WHEAT AND THAT THIS CLEARLY DEMONSTRATED IMPACT OF EVEN LIMITED PUBLICITY. (COMMENT: MOHSENI, DIRECTOR, ECONOMIC RELATIONS, MFA, TELEPHONED EMBOFF MORNING, SEPTEMBER 27, TO REPORT THAT RADIO AFGHANISTAN IN ITS NEWS COMMENTARY PREVIOUS EVENING HAD REVIEWED FULL STORY US CONTINUING AND SPECIAL ASSISTANCE THIS YEAR, NOTING SPECIFICALLY TWO TITLE I PL 480 AGREEMENTS. HE SAID THAT STORY WOULD ALSO BE APPEARING IN "NATIONAL PRESS.")

4. SHAFIQ SAID THAT HE HOPED AFGHANISTAN WOULD BE ENGAGED IN MORE ACTIVE DIPLOMACY AND SPECIFICALLY NOTED RELATIONS AND NEGOTIATIONS WITH EEC. HE SAID RGA AWARE NEED FOR DIRECT CONTACT WITH EUROPEAN COMMUNITY BUT COULD NOT AFFORD A PERMANENT MISSION; THEREFORE, TWO LOWER LEVEL PEOPLE WERE BEING ASSIGNED TO THESE. (COMMENT: WE UNDERSTAND THIS TO MEAN NON-AMBASSADORIAL RANK.) I NOTED EVIDENCE OF CONSIDERABLE WORK THAT HAS ALREADY BEEN DONE ON THESE RELATIONS AND COMPLIMENTED THE WORK DONE BY HRH AMBASSADOR ZALMAI GHAZI,

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E.O. 12958, as amended

June 9, 2005

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PAGE 03 KABUL 06010 01 OF 02 280926Z

AFGHAN AMBASSADOR TO PARIS, WHO I UNDERSTOOD WAS BEING REPLACED.

5% FOREIGN MINISTER THEN RAISED QUESTION OF MORATORIUM, AND I AGAIN POINTED OUT NATURE OF SUCH NEGOTIATIONS WHICH INVOLVE MANY CONSIDERATIONS AND THAT DEGREE OF FORTHCOMINGNESS ON PART OF CREDITORS WAS DEPENDENT UPON TWO PRIMARY FACTORS: FIRST, THAT DEBTOR COUNTRY HAD KEY ROLE IN ITS SELF-HELP MEASURES IN FISCAL MATTERS AND NOTED THAT THIS WAS CONCERN FOR MINISTERS AND PERSONNEL OTHER THAN FOREIGN MINISTER. I ALSO NOTD THAT IT REQUIRED ON PART OF RGA DIFFICULT AND DELICATE POLITICAL DECISIONS, BUT NONETHELESS CREDITOR GOVERNMENTS WOULD HAVE TO KNOW AND BE ADVISED OF STEPS TAKEN BY EXECUTIVE ACTION AND THOSE WHICH MIGHT BE PROPOSED FOR PARLIAMENTARY ACTION. SECOND, I NOTED THAT FOREIGN OFFICE WOULD BE CONCERNED WITH MULTILATERAL ASPECTS SINCE ALL CREDITORS WOULD WANT TO KNOW WHAT OTHER CREDITORS DOING, LEST ONE CARRY UNEQUAL BURDEN. I UNDERLINED FACT IBRD AND IMF WERE WIDELY EXPERIENCED IN MULTILATERAL NEGOTIATIONS, EVEN IF THEIR

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WIN 969015

By 57115W Date 3/11/78



Department of State

SOC 10 AFG

TELEGRAM

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~~CONFIDENTIAL~~ 172

PAGE 01 KABUL 06010 02 OF 02 280940Z

41
ACTION NEA-11

INFO OCT-01 EUR-14 CIAE-00 PM-06 H-02 INR-06 L-03 NSAE-00
NSC-10 P-03 RSC-01 PRS-01 SS-14 USIA-12 AID-20 IGA-02
OMB-01 E-11 TRSE-00 TRSY-11 FRB-02 COM-08 XMB-06
RSR-01 /146 W

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R 280755Z SEP 71
FM AMEMBASSY KABUL
TO SECSTATE WASHDC 6404

~~CONFIDENTIAL~~ SECTION 2 OF 2 KABUL 6010

RELATIONSHIPS WITH USSR WERE INFORMAL. I ALSO NOTED THAT IT WOULD BE DIFFICULT FOR USG BE FORTHCOMING WITHOUT INFORMATION ABOUT USSR POSITION, BUT EVEN MORE IMPORTANT THAT FINANCE MINISTER DAWAR BE KEPT INFORMED OF DEVELOPMENTS RELATIVE TO SOVIET POSITION. I TOLD SHAFIQ I DID NOT WANT TO PRESS FOR INFORMATION WHICH FOR MANY REASONS HE MIGHT NOT BE PREPARED TO PASS ON; BUT WITHOUT SOME DISCLOSURE OF ROLE OF SOVIETS I WAS PESSIMISTIC ABOUT USG HELP AND ADDED THAT THIS WAS WORLD-WIDE PROBLEM FOR USG. SHAFIQ SAID HE UNDERSTOOD AND NOTED THAT THERE WAS DIVISION WITHIN RGA ON THIS POINT. HE SAID THOSE MINISTRIES CONCERNED WITH ECONOMIC MATTERS WERE PRESSING RGA TO BE FORTHCOMING ON THIS SUBJECT, BUT HE WAS CONCERNED THAT DECISION SHOULD NOT DEPEND UPON SUCH A SINGLE POINT AND THAT USG HE WAS CERTAIN UNDERSTOOD THERE WAS A "PARTICULAR RELATIONSHIP" BETWEEN RGA AND USSR; GIVEN GEOGRAPHICAL PROXIMITY AND SIZE DIFFERENCES RGA COULD NOT IGNORE POLITICAL OVERTONES THAT THIS RELATIONSHIP ENGENDERED. IN VIEW OF THESE CONSIDERATIONS, SHAFIQ SAID THAT LINKING OF SOVIETS AND WESTERN CREDITORS IN WHATEVER FORM WAS VERY DIFFICULT BUT THAT THERE WAS NO AGREEMENT AMONG RGA MINISTRIES ON THIS POINT. I POINTED OUT THAT WE WERE NOT SEEKING IDENTITY OF ACTION WITH USSR, RECOGNIZING FULL WELL THAT AID AGREEMENTS VARY GREATLY IN NATURE. I SAID WHAT WAS NEEDED WAS AN EQUALITY OF BURDEN AND THAT FULL DISCLOSURE WOULD ASSURE THIS BEING DONE. I EXPRESSED MY UNDERSTANDING OF HIS CONCERN

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PAGE 02 KABUL 06010 02 OF 02 280940Z

BUT POINTED OUT THAT I SIMPLY DID NOT BELIEVE NEGOTIATIONS WITH USG OR MULTILATERAL AGENCIES COULD BE SUCCESSFUL UNLESS SOME AWARENESS OF TREATMENT BEING EXTENDED BY USSR AND AGAIN ASKED IF HE COULD CONVEY SOME IDEA OF RESULTS MOSCOW VISIT REGARDING MORATORIUM AND DEBTS.

6. SHAFIQ SAID THAT IT MUST BE BORNE IN MIND THAT IT WAS A MUTUAL USSR AND RGA UNDERSTANDING THAT TECHNICAL NEGOTIATIONS WOULD NOT TAKE PLACE DURING ROYAL VISITS. HOWEVER, HE SAID HE HAD IMPRESSION SOVIETS CONSIDERED REQUEST FOR MORATORIUM AND DEBT RESCHEDULING TO BE NEGOTIABLE AND THAT THIS WAS TASK FOR EXPERTS. HE ADDED THAT BEYOND THAT HE HAD NO DETAILS AND COMMENTED THAT MINISTER OF PLANNING SAROBI WOULD BE BEST SOURCE OF INFORMATION ON THIS SUBJECT SINCE ^{HE} HAD BEEN MEMBER OF PARTY WHO HANDLED ECONOMIC MATTERS. HE SAID THAT HE WAS SURE THAT DEPUTY PRIME MINISTER SAMAD HAMED WOULD ALSO HAVE MANY DETAILS. IN RESPONSE TO MY QUESTION REGARDING SOVIET ATTITUDE TOWARDS IBRD AND IMF PLAYING A ROLE, HE SAID HE ONLY HAD IMPRESSION BUT THAT THERE WAS NO PRIMA FACIE HOSTILITY ON THEIR PART.

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