

DEPARTMENT OF STATE TELEGRAM

AMEMBASSY DACCA

ACTION: POL
INFO: AMB
CHARGE
CHRON

CONT: 7244
RCVD: 12 OCT 76 1018

Classification

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FM SECSTATE WASHDC
TO RUMJDK/AMEMBASSY DACCA 9456
INFO RUSBAE/AMEMBASSY NEW DELHI 8742
RUSBQD/AMEMBASSY ISLAMABAD 0919
BT

[REDACTED] T STATE 252346
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E.O. 11652: GDS

TAGS: PARM, MASS, BG,US

SUBJECT: ARMS POLICY TOWARD BANGLADESH

SEARCHED	INDEXED
SERIALIZED	FILED
OCT 12 1976	
DEF 12	
Arms Procurement	

1. INTRO AND SUMMARY: WE HAVE RESPONDED TO BANGLADESH REQUEST FOR MILITARY EQUIPMENT, WHICH BDG HAD FORMALIZED IN AUGUST BY PROVIDING US WITH A SOMEWHAT AMBIGUOUS, 140-ITEM LIST OF HARDWARE DESIRED. RESPONSE CAME IN COURSE OF MEETINGS BETWEEN UNDER SECRETARY HABIB AND ASSISTANT SECRETARY ATHERTON AND AMBASSADOR SIDDIQI HERE OCTOBER 5, AND BETWEEN THEM AND DCMLA. ADMIRAL KHAN IN NEW YORK OCTOBER 6 AT WHICH ARMS POLICY AND FARAKKA WERE DISCUSSED. (FARAKKA WILL BE REPORTED SEPTEL.) HABIB EMPHASIZED IMPORTANCE USG ATTACHES TO GOOD U.S.-BANGLADESH RELATIONS, NOTING MAGNITUDE OF U.S. ECONOMIC ASSISTANCE TO BANGLADESH, AND MADE CLEAR THAT OUR POSITION ON ARMS SUPPLY WAS FORMULATED IN THIS SPIRIT. HABIB RULED OUT GRANT AID AND SOPHISTICATED AIRCRAFT, AND SAID THAT THERE IS LITTLE LIKELIHOOD THAT SURPLUS EQUIPMENT IS AVAILABLE, AND DISCOURAGED BANGLADESH FROM COUNTING ON CREDIT SALES WHILE AGREEING TO TAKE ANOTHER LOOK AT THIS. HE TOLD BANGLADESHIS THAT WE WOULD BE PREPARED TO LICENSE THE COMMERCIAL EXPORT OF NON-LETHAL ITEMS THROUGH CASH SALES, PARTICULARLY TRANSPORTATION AND COMMUNICATIONS EQUIPMENT AND THAT WE WOULD CONSIDER LETHAL ITEMS ON A CASE-BY-CASE BASIS. END INTRODUCTION AND SUMMARY.

2. THE MEETING BETWEEN HABIB AND SIDDIQI WAS ARRANGED AT LATTER'S REQUEST AS A "COURTESY" CALL. IN ADDITION TO FARAKKA AND ARMS POLICY, IT WAS APPARENT, AS BD MINISTER KUMAYUN KABIR HAD EARLIER IMPLIED TO US, THAT

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SIDDIQI WAS INTERESTED IN SETTING UP A MEETING BETWEEN VISITING DCMLA VICE ADMIRAL M.H. KHAN AND THE SECRETARY TO DISCUSS THESE SUBJECTS. HABIB TOLD SIDDIQI THAT THE SECRETARY WOULD BE UNAVAILABLE BUT OFFERED INSTEAD TO CALL ALONG WITH ATHERTON ON KHAN IN NEW YORK THE FOLLOWING DAY. SIDDIQI ACCEPTED THE OFFER.

3. IN FIRST MEETING, SIDDIQI RAISED SUBJECT OF ARMS POLICY BY REFERRING TO OUTSTANDING REQUEST FOR MILITARY EQUIPMENT WHICH BDG THINKS WOULD COST APPROXIMATELY ONE HALF BILLION DOLLARS. (DOD ESTIMATED BDG'S AUGUST REQUEST LIST WOULD COST FROM SIX HUNDRED MILLION TO ONE AND ONE HALF BILLION.) HE SAID THAT BDG HOPES THAT MOST ITEMS ON LIST, SUCH AS TRANSPORTATION AND COMMUNICATIONS EQUIPMENT, CAN BE PROVIDED AS MILITARY SURPLUS. SIDDIQI STRESSED MAJOR ROLE THAT ARMY PLAYS IN MAINTENANCE OF BD STABILITY AND CONSEQUENT NEED FOR SUCH EQUIPMENT.

4. HABIB TOLD SIDDIQI THAT IT WOULD BE VERY DIFFICULT FOR US TO HAVE A GOVT-TO-GOVT ARMS RELATIONSHIP, HENCE THAT WE HAVE PROBLEMS WITH PROFERRED LIST. HE POINTED OUT THAT THERE IS CURRENTLY LITTLE OR NO SURPLUS MILITARY EQUIPMENT AVAILABLE AND ASKED IF THE BDG IS SEEKING CREDIT OR CASH PURCHASES. HE NOTED PROBABLE CONGRESSIONAL OBJECTIONS TO ANY CREDIT SALES AND POSSIBLE EFFECT ON OUR DEVELOPMENT ASSISTANCE PROGRAM, EVEN IF WE WERE TO COUCH REQUESTS IN TERMS OF MEETING BD'S INTERNAL SECURITY NEEDS.

5. UNDER SECRETARY RULED SALE OF SOPHISTICATED ARMS SUCH AS F-4'S OR F-5'S AS OUT OF THE QUESTION. HE TOLD THE AMBASSADOR THAT WE WOULD BE PREPARED TO LICENSE THE EXPORT OF NON-LETHAL ITEMS AND THAT WE WOULD CONSIDER LETHAL EQUIPMENT ON A CASE-BY-CASE BASIS. HABIB ASKED THAT THE BDG PREPARE A PRIORITY LIST OF NON-LETHAL ITEMS AND INDICATE HOW MUCH IT EXPECTED TO OBTAIN FOR CASH AND HOW MUCH THROUGH CREDIT.

6. DURING SUBSEQUENT MEETING WITH ADMIRAL KHAN, AFTER CONSIDERABLE DISCUSSION OF FARAKKA, HABIB REVIEWED HIS CONVERSATION ON ARMS POLICY WITH SIDDIQI, NOTING OUR INHIBITIONS ON PROVISION OF LETHAL ITEMS BUT OUR WILLINGNESS TO CONSIDER THEM ON A CASE-BY-CASE BASIS. HE NOTED UNDERSTANDING WITH SIDDIQI THAT BANGLADESH WILL FURNISH

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US A LIST OF NON-LETHAL EQUIPMENT NEEDS, RANKED IN PRIORITY ORDER, AND SAID WE UNDERSTAND BANGLADESH CONSIDERS COMMUNICATIONS AND TRANSPORTATION EQUIPMENT TO BE MOST IMPORTANT. ON RECEIPT OF SUCH A LIST, UNDER SECRETARY TOLD KHAN WE WILL LOOK AT P AND A DATA AND TERMS, BUT BDG MUST UNDERSTAND THAT THERE IS NO POSSIBILITY OF GRANT AID AND THAT WE HAVE STRONG INHIBITIONS REGARDING CREDIT. HABIB DESCRIBED BANGLADESH'S AUGUST LIST AS TOO BROAD AND UNCLEAR AND DIFFICULT TO HANDLE WITH INCLUSION OF ITEMS SUCH AS FIGHTER AIRCRAFT.

7. IN RESPONSE TO KHAN'S REQUEST THAT DOD REPRESENTATIVES GO TO DACCA TO DISCUSS WHAT MATERIAL WE CAN PROVIDE, HABIB SUGGESTED THAT BDG SIMPLY FURNISH US WITH A NEW LIST TO CLARIFY ITS NEEDS WHICH WE CAN CONSIDER HERE. HE STRESSED THE VERY LIMITED AVAILABILITY OF SURPLUS EQUIPMENT BUT LEFT THE DOOR OPEN ON LANDING CRAFT WHICH ARE OCCASIONALLY AVAILABLE. IN DISCUSSION OF TERM "LETHAL," UNDER SECRETARY MADE CLEAR THAT SMALL ARMS AS WELL AS MORE SOPHISTICATED ITEMS ARE SO CONSIDERED AND HE NOTED THE PROBABILITY OF BIPARTISAN CONGRESSIONAL CRITICISM SHOULD WE PROVIDE LETHAL ARMS. LIKewise, PROVISION OF ANY FORM OF CREDIT TERMS WOULD PUT IN JEOPARDY WITH CONGRESS OUR ECONOMIC ASSISTANCE PROGRAM, HABIB SAID. KHAN AGREED THAT THAT PROGRAM IS OF PRIMARY IMPORTANCE TO BANGLADESH.

8. MR. HABIB SUMMARIZED OUR POSITION AS FOLLOWS:

A. WITH RESPECT TO CASH PURCHASES OF NON-LETHAL EQUIPMENT, THE USG WOULD ISSUE REQUISITE EXPORT APPROVALS. THE ONLY QUESTION THAT WOULD ARISE WOULD BE NON-AVAILABILITY OF PARTICULAR ITEMS.

B. CASH PURCHASES OF LETHAL EQUIPMENT WOULD BE CONSIDERED ON A CASE-BY-CASE BASIS.

C. WITH RESPECT TO CREDITS, THE USG IS WORKING UNDER CERTAIN INHIBITIONS. IT HAS NOT EXTENDED CREDITS FOR MILITARY ITEMS TO INDIA AND PAKISTAN AND HAS DENIED CREDITS TO OTHER COUNTRIES IN THE AREA. WE HAVE INFORMED CONGRESS OF THIS POSITION. WE WILL PROBABLY SUSTAIN THE EXISTING CASH SALES ONLY POLICY, BUT WILL EXAMINE THE BDG'S REQUEST FOR CREDITS.

IN A FEW DAYS.

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D. GRANTS, OTHER THAN FOR TRAINING, ARE OUT OF THE QUESTION.

E. WE WOULD LOOK INTO THE AVAILABILITY OF SURPLUS EQUIPMENT BUT ARE NOT AT ALL OPTIMISTIC.

9. DISCUSSION CONTINUED ABOUT THE POSSIBILITIES OF FINANCING ARMS PURCHASES, WITH THE UNDER SECRETARY STRESSING THAT THE USG HAS VIRTUALLY NO FLEXIBILITY ON TERMS WHICH VARY WITH THE COST OF MONEY AT CURRENT RATES OF 8 TO 8.5 PERCENT AND LOAN DURATIONS OF 7-10 YEARS WITH SHORT GRACE PERIODS. KHAN PROFESSED SHOCK AT SUCH TERMS, WHICH, HE CLAIMED, THE BDG COULD NOT ACCEPT. HE INQUIRED ABOUT THE POSSIBILITY OF AID FINANCING. HABIB TERMED THIS IMPOSSIBLE FOR MOST ITEMS BUT PROMISED THAT HE WOULD TALK WITH AID'S DEPUTY DIRECTOR MURPHY ABOUT THE POSSIBILITY OF FINANCING THE HYDROGRAPHIC SURVEY SHIP IN WHICH KHAN HAD MENTIONED AN INTEREST.

10. WHEN KHAN AGAIN RAISED QUESTION OF FMS CREDITS, HABIB, AFTER MAKING CLEAR THAT WE HAVE LITTLE FLEXIBILITY ON CREDIT, AGREED TO CHECK INTO SUBJECT AND PROMISED TO FURNISH AMBASSADOR SIDDIQI WITH A TECHNICAL PAPER ON FMS CREDITS AND GUARANTEES. K

11. UNDER SECRETARY MENTIONED OUR WILLINGNESS TO PROVIDE SOME MILITARY TRAINING BUT NOT TRAINING AID IN THE US ON A GRANT BASIS. WE WILL LOOK INTO THE SUBJECT OF TRAINING, HE SAID, ONCE BDG HAS CLARIFIED ITS EQUIPMENT REQUESTS. (FYI ONLY - WE ARE CURRENTLY THINKING IN TERMS OF 200,000 DOLLARS PER YEAR PROGRAM.)

12. KHAN EXPRESSED AN INTEREST IN OUR OPENING A MILITARY ATTACHE OFFICE IN DACCA STAFFED WITH "TECHNICAL PEOPLE" WITH WHOM THE BDG COULD DISCUSS SUPPLY. AFTER IT WAS NOTED THAT DIA CURRENTLY HAS NO FUNDS FOR STAFFING AN ATTACHE OFFICE, HABIB MENTIONED THAT A TECHNICAL LEVEL THREE-MAN OFFICE WAS POSSIBLE AND COULD BE LOOKED INTO.

13. THE ADMIRAL SUGGESTED VISIT TO DACCA OF DOD OFFICIALS ON THE ARMS SUPPLY ISSUE. INSTEAD, HABIB ASKED THAT THE BDG SEND A FEW SUPPLY SPECIALISTS HERE. WHEN KHAN STATED HIS GOVERNMENT'S READINESS TO SEND A THREE-MAN TEAM, HABIB OFFERED TO CONFIRM WITH DOD THAT SUCH A TEAM WHICH COULD CONSIDER P AND A DATA WOULD BE WELCOME, AND TO CONVEY OUR POSITION ON SUCH A VISIT TO SIDDIQI IN A FEW DAYS. /

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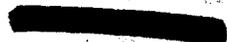
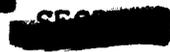

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14. WE ARE PASSING TO AMBASSADOR SIDDIQI PAPER ON FMS TERMS AND WILL BE LOOKING INTO THE QUESTIONS OF OPENING AN ATTACHE OFFICE (WHICH KHAN ALSO RAISED), RECEPTION HERE OF A SMALL BDG MILITARY SUPPLY TEAM, AND CHANCES FOR AID FINANCING OF A SURVEY SHIP. UNTIL YOU HEAR FURTHER, YOU SHOULD NOT INITIATE DISCUSSION OF THESE MATTERS WITH THE BDG, AND YOU SHOULD BE CIRCUMSPECT IF THEY SHOULD ARISE.

15. WE WILL BE POUCHING TO ALL ADDRESSEES THE FULL TEXTS OF THE CONVERSATIONS REPORTED ABOVE, ALONG WITH ADDITIONAL DOCUMENTS FOR DACCA.

16. WE ASSUME ADMIRAL KHAN WILL WANT PERSONALLY TO CONVEY COMMENTS OF HIS TALK HERE ON ARMS SUPPLY QUESTIONS TO BANGLADESH, AND YOU SHOULD NOT AT THIS TIME TAKE INITIATIVE TO RAISE SUBJECT. IF IT IS RAISED WITH YOU, OR IF YOU DETECT ANY INDICATIONS THAT OUR POSITION HAS NOT BEEN FULLY UNDERSTOOD, YOU SHOULD DRAW ON HABIB'S PRESENTATION TO CLARIFY OUR POSITION. IN DOING SO, YOU SHOULD STRESS OUR POSITIVE ATTITUDE TOWARD BANGLADESH, OUR VIEW THAT IT IS IN BOTH BANGLADESH AND USG INTERESTS TO KEEP EMPHASIS IN OUR RELATIONS ON SUPPORT IN ECONOMIC FIELD, AND OUR JUDGMENT THAT ANY SIGNIFICANT MILITARY SUPPLY RELATIONSHIP COULD JEOPARDIZE CONGRESSIONAL SYMPATHY FOR AID TO BANGLADESH, PARTICULARLY IN VIEW OF INCREASING CONCERNS IN CONGRESSIONAL AND PUBLIC OPINION ABOUT ARMS SUPPLY TO DEVELOPING COUNTRIES.
KISSINGER



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