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THE SECRETARY OF STATE

WASHINGTON

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MEMORANDUM FOR: THE PRESIDENT

From: George P. Shultz

SUBJECT: **How Do We Make Use of the Zia Visit to Protect Our Strategic Interests In the Face of Pakistan's Nuclear Weapons Activities**

ISSUE FOR DECISION

As requested by Judge Clark in his memorandum of November 8, the Department of State, in consultation with the Department of Defense, the Central Intelligence Agency, and the NSC staff, has prepared a review of options for dealing with Pakistan's nuclear program.

The U.S.-Pakistani relationship is essential to achieving our strategic objectives in Afghanistan and South Asia, and is potentially of major importance to our broader Middle East strategy. Those strategic interests, as well as the credibility and effectiveness of our longstanding non-proliferation policy, are now threatened by Pakistan's nuclear weapons program. The issue for decision is how do we make use of the Zia visit to protect our strategic interests in the face of Pakistan's nuclear weapons activities.

ESSENTIAL FACTORS

A. Pakistan's Nuclear Program

Pakistan is in the advanced stage of a nuclear weapons development program. In addition to programs to produce the necessary fissile material, Pakistan has been working on the design and development of the nuclear explosive triggering package, including sending designs for components of a relatively sophisticated nuclear weapon to purchasing agents in Europe for the purpose of having the components fabricated for Pakistan. More recently the Pakistanis have also sought to purchase specialized machines to permit indigenous fabrication of these components. We believe we have located a nuclear test site in Pakistan.

State Dept. review completed

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India has made preparations to conduct additional nuclear tests; information indicates that India is preparing the option to respond to a Pakistan test. At some point India or Israel may decide to launch a preventive strike at Pak nuclear facilities, but we have no indications that military action is likely in the near term.

B. Our Earlier Approach to the Problem

Our efforts to block Pakistan's nuclear weapons program have taken two tracks. First, we have begun to build a new security relationship, including a significant aid package. We have hoped that this would reduce the principal underlying incentive for acquisition of nuclear weapons. As the elements of that relationship have been put in place, we have been trying to persuade Pakistan that acquiring nuclear weapons is neither necessary to its security nor in its broader interest. However, Pakistan's nuclear program is motivated in large part by fear of India, and we are unwilling to provide a security guarantee against India. Second, we also have worked with other nuclear supplier countries to block sensitive nuclear exports to Pakistan and thus slow the nuclear explosives program.

Last year we received assurances from Zia that Pakistan would not manufacture nuclear weapons, not transfer sensitive nuclear technology, and not "embarrass" us on the nuclear issue while we are providing aid. (We both understood this clearly to mean that Pakistan would not test a nuclear device; it was left ambiguous as to what it meant short of a test.) In July, Dick Walters warned Zia that if Pakistan's newly discovered effort to procure nuclear weapons components did not cease, or if unsafeguarded reprocessing were begun, it was virtually certain that Congress would terminate the aid program.

Zia categorically denied our allegations and assured Walters orally for the first time that Pakistan would not manufacture a nuclear explosive device of any kind. When intelligence indicated that this procurement activity was continuing, I warned Yaqub Khan in September, and Walters again warned Zia in October, that the aid program was in grave jeopardy. Zia again denied the accuracy of our intelligence and expanded his assurance to cover the development, as well as the manufacture, of any sort of nuclear explosive device.

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There is overwhelming evidence that Zia has been breaking his assurances to us. We are absolutely confident that our intelligence is genuine and accurate. Moreover, intelligence available since Ambassador Walters' last visit to Islamabad indicates continued Pakistani weapons activities.

The intelligence community on balance believes that if forced to choose between U.S. aid and a nuclear weapons capability, Zia will opt for the latter. (Others do not believe that that is a forgone conclusion.) Zia could well believe that we will never pose that choice for him, and will bail him out if Congress moves to cut off aid as we previously did. The intelligence community thinks it likely that in response further to U.S. warnings Zia will try to disguise the weapons program and will delay the more politically risky and detectable phases in order to preserve the U.S. supply relationship. Additionally, the Pakistanis have alleged that we have publicly ignored the Israeli nuclear program and that it has not affected in any way our military and economic aid to Israel. Zia may think he is offering us diplomatic cover: the Pakistanis will not acknowledge publicly when and if they acquire a nuclear capability.

C. U.S. Strategic Interests

In making these approaches to Zia, we were mindful of the essential role Pakistan plays in support of the Afghan resistence. Since our opposition to the Soviets in Afghanistan is clearly the most visible evidence of the U.S. commitment to counter Soviet military thrusts worldwide, sustaining our new relationship with Pakistan bears directly on U.S. global, as well as regional, interests. The fighting in Afghanistan also constitutes a continuing drain on Soviet resources.

A rupture of our relationship would call into question a central tenet of this Administration's foreign policy -- strong support for our friends. Pakistan has also helped on occasion to advance U.S. interests among the nonaligned and with other Islamic countries, e.g., by opposing rejection of Israeli credentials at the UNGA this fall. Over the longer term we would also hope that U.S.-Pak relations would evolve to the point where we could closely coordinate our efforts in certain types of Southwest Asian military contingencies.

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D. Implications of Pak Weapons Activities

It is highly likely that if the Pak program continues on its current course, Congress would move to cut off aid at some point short of a nuclear test. If the Administration decided to oppose such a move we could fail even with a major commitment of Administration resources, including your own. Our aid program will come under public and Congressional scrutiny in the coming weeks. Our briefings of Congressional leaders on our intelligence on the Pakistani nuclear program, our coming request to the Congress for reprogramming authority for our security assistance for Pakistan and the Zia visit will attract attention, but we do not expect a serious move to cut off assistance during the lame duck session. An aid cutoff would greatly damage our ability to realize those interests served by close ties to Pakistan.

U.S. policy for over three decades has been committed to preventing the spread of nuclear weapons to other countries. The Administration clearly reaffirmed that commitment and has emphasized a policy of discouraging proliferation by helping countries meet legitimate security needs. If Pakistan's program continues this will raise fundamental questions about the effectiveness of that policy. Moreover, if we implicitly or explicitly accept Pakistan's having nuclear weapons, it will be a major blow to our non-proliferation interests, make it more difficult to prevent proliferation elsewhere, and the Administration would be seen at home and abroad as not taking the problem seriously.

Pakistan's nuclear weapons activities, if carried to completion, will lead to a nuclear arms race on the Subcontinent. This would result in greater regional insecurity, including the possibility of pre-emption by India or Israel or even eventually a nuclear exchange. Pakistan, however, views a Pak nuclear device as a deterrent to Indian nuclear blackmail, believing that in a future crisis India will use its nuclear monopoly to coerce Pakistan into making serious concessions. Moreover, eventual transfer of nuclear technology or weapons by Pakistan to unstable Arab countries cannot be excluded.

The intelligence community expects that Pakistani nuclear weapons activities will involve safeguards violations. Such violations would gravely undermine confidence in the IAEA safeguards system, which is critical to U.S. security and peaceful nuclear cooperation.

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ANALYSIS OF OPTIONS

The issue is how to make use of the Zia visit to protect our strategic interests in the face of Pakistan's nuclear weapons' activities. We believe it is necessary for you to raise this subject with Zia and to address the U.S. response if Pakistan (1) materially violates international safeguards, (2) continues the program to procure components and to develop and manufacture a nuclear explosive device, (3) begins unsafeguarded reprocessing, or (4) transfers sensitive nuclear technology to other countries. The odds are against any of the available options resulting in a complete termination of the Pakistan nuclear weapons program.

OPTION 1:

You tell Zia now that if any of the specified Pakistani nuclear weapons activities noted above occur, the U.S. will terminate its assistance programs and will stop further deliveries of military equipment.

This course makes as clear as possible to Zia U.S. concerns about the nuclear issue and that he must choose between Pakistan's security relationship with the U.S. and a nuclear weapons capability. It can be argued that our taking this position now with your full authority and personal intervention offers the best chance of stopping or constraining Pakistan's nuclear weapons program and thus preserving the U.S.-Pakistan strategic relationship. Although conceding that there is a high risk that Zia will react negatively to this approach, this argument contends that Congress will eventually terminate the relationship in any event unless the weapons activities stop.

Opponents of this option are convinced that this approach will not lead Zia to renounce all these nuclear weapons activities and that the subsequent termination of our assistance will (1) lead Pakistan to take measures, especially with regard to Afghanistan, which will seriously damage U.S. security interests and (2) not only put an end to any direct U.S. influence over Pakistani nuclear weapons programs but also accelerate Pakistan's move towards a test. They argue that as long as our aid program continues, enabling us to maintain a constructive relationship with Pakistan, we can be relatively certain that Pakistan will not test a nuclear device and that we will continue to be in a position to seek restraint in its nuclear weapons programs, although Pakistan could stockpile nuclear devices as the evidence indicates it intends to do.

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(A variant of this option would be for you to tell Zia that we would respond to the specified Pak nuclear weapons acitivies by reviewing our assistance and suspending deliveries during that review. The arguments for and against are basically the same as above, although this could leave us a degree of flexibility in responding and might be somewhat less confrontational.)

Option 2:

You tell Zia that if the specified Pakistani nuclear weapons activities noted above occur, this will prompt a widely supported move within Congress to terminate the aid relationship and will be a major blow to our non-proliferation interests, forcing your hand and making it virtually impossible to sustain our new security relationship with Pakistan.

The Pakistanis probably believe that because of the strategic considerations in the region the USG will seek to protect the U.S.-Pakistan security relationship against Congressional moves prompted by Pakistan's nuclear weapons activities. This option would make clear to the Pakistanis for the first time that they could not count on you to take on Congress if their nuclear weapons programs continue unabated. Proponents argue that by reinforcing the seriousness of our concern in a non-confrontational manner, this option has the best prospect of inducing Zia to restrain, if not end, Pakistan's nuclear weapons program. Opponents of this approach do not believe that we should reduce your flexibility to try to continue the assistance programs in the event of a Congressional move to terminate such assistance should the objectionable Pakistani nuclear weapons activities occur.

Option 3:

You tell Zia that if the specified Pakistan nuclear weapons activities noted above occur, this will seriously jeopardize our security relationship, including the ability of the U.S. to provide military and economic assistance to Pakistan.

This option deliberately leaves ambiguous how the Administration will respond to future Pakistani nuclear weapons activities. It thus provides greater flexibility in this regard than Option 2. Proponents believe that this option increases the pressure on Zia by reiterating previous warnings at the highest level. It does so in a manner less likely to lead him to conclude that our commitment to Pakistan is

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uncertain, thus heightening Pakistani questions about the credibility and reliability of the U.S. as a friend and supporter of Pakistan security. Proponents also contend that greater Pakistan confidence in the U.S. security commitment offers the best possibility of convincing Pakistan in time to restrain, if not terminate, the specified nuclear weapons activities.

Opponents believe that this option squanders probably the only opportunity for you personally to tell Zia how strongly the Administration feels on this issue. They believe that the continuing ambiguity of this option will encourage Zia to believe that we are not really serious and that we can and will bail him out with Congress if necessary.

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