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Pakistan-United States: Dynamics of the Relationship



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An Intelligence Assessment

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*NESSA 85-10182
September 1985*

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Pakistan-United States: Dynamics of the Relationship

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An Intelligence Assessment

This paper was prepared by [redacted]
Office of Near Eastern and South Asian Analysis. It
was coordinated with the Directorate of
Operations. [redacted]

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Comments and queries are welcome and may be
directed to the Chief, South Asia Division, NESAs, on
[redacted]

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**Pakistan-United States:
Dynamics of the
Relationship** [redacted]

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Key Judgments

*Information available
as of 1 August 1985
was used in this report.*

President Zia regards close security ties to the United States as a strategic imperative for Pakistan, and he is committed to strengthening bilateral relations. US aid has strengthened Pakistan militarily and economically and has provided the essential underpinning to Zia's confrontational policy toward the Soviets on Afghanistan. Zia believes China and the Islamic countries cannot guarantee Pakistan's security against the Soviets or India, even though most Pakistanis regard them as more reliable allies. [redacted]

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Many Pakistanis do not accept the strategic premises of Zia's reliance on the US commitment to Pakistan. They believe the historical legacy of US-Pakistani relations—including US arms embargoes in three wars with India and the suspension of aid in 1979 over Islamabad's nuclear program—has proved the United States an inconsistent and unreliable ally. [redacted]

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Critics of Zia's policy say that the United States is using Pakistan to oppose the Soviets in Afghanistan with no guarantee of support if Pakistani aid to the resistance results in a direct military confrontation with the Soviets, and they expect another US arms embargo in the event of war with India. Furthermore, most Pakistanis view US Middle East policy as anti-Islamic. Zia must be sensitive to criticism both within the military and by the political opposition that his policies serve US—rather than Pakistani—interests. With a new National Assembly, Zia's policies will be vulnerable to public scrutiny and criticism to an unprecedented degree. [redacted]

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Zia's greater cooperation with the United States in aiding the Afghan resistance is intended to prevent the Soviets from consolidating their hold on Afghanistan and using it as a base from which to threaten Pakistan. Islamabad, however, does not want its role in training and passing arms to the insurgents publicized. The Pakistanis oppose direct, overt US arms aid to the Afghans. [redacted]

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Pakistan's relations with the Islamic countries and the Nonaligned Movement limit Zia's options for increasing cooperation with the United States in regional security matters. Zia has indicated that US-Pakistani military ties could evolve toward greater cooperation as political circumstances allowed, but he will not move beyond the moderate Arab consensus on the acceptable limits of cooperation with the United States. [redacted]

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Zia probably calculates that Pakistan's importance to US policy in Afghanistan has allowed him to pursue covertly the technology to support a nuclear weapons option—which nearly all Pakistanis agree is vital to their country's long-term security and survival—without provoking a cutoff of US aid. The Pakistanis almost certainly will not test a nuclear device or violate safeguards to reprocess spent fuel as long as they are receiving US aid. Pakistan, however, continues to develop the capability to enrich uranium and has been working for years on the nonfissile components for a nuclear device. The Pakistanis probably do not have the capability to produce enough highly enriched uranium for a nuclear device, but we cannot exclude the possibility that they could do so within a year of a decision to try.

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A US aid cutoff would cause Islamabad to intensify its nuclear weapons development effort and remove the major political obstacle to a test. Pakistan's support for the Afghan resistance probably would decrease dramatically in the event of a US aid cutoff, opening the way to an eventual Soviet victory in Afghanistan.

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The Pakistanis will press for a sizable increase in military and economic aid in a new multiyear program and will regard US willingness to meet Islamabad's requirements as the key indicator of the US commitment to Pakistan. Without additional assistance—possibly including grant military assistance—Pakistan will have increasing difficulty meeting its repayment obligations to the United States. Pakistan also wants to avoid politically unpalatable reforms to deal with serious economic problems.

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We believe that anti-US sentiment in Pakistan would increase if Zia's political position were badly eroded by a severe economic slump, a growing Afghan refugee problem, or a serious political misstep. In these circumstances, Pakistan's close relations with the United States—with which Zia is identified—could become a political liability for him. A new government in Islamabad would be less receptive to US policies and interests.

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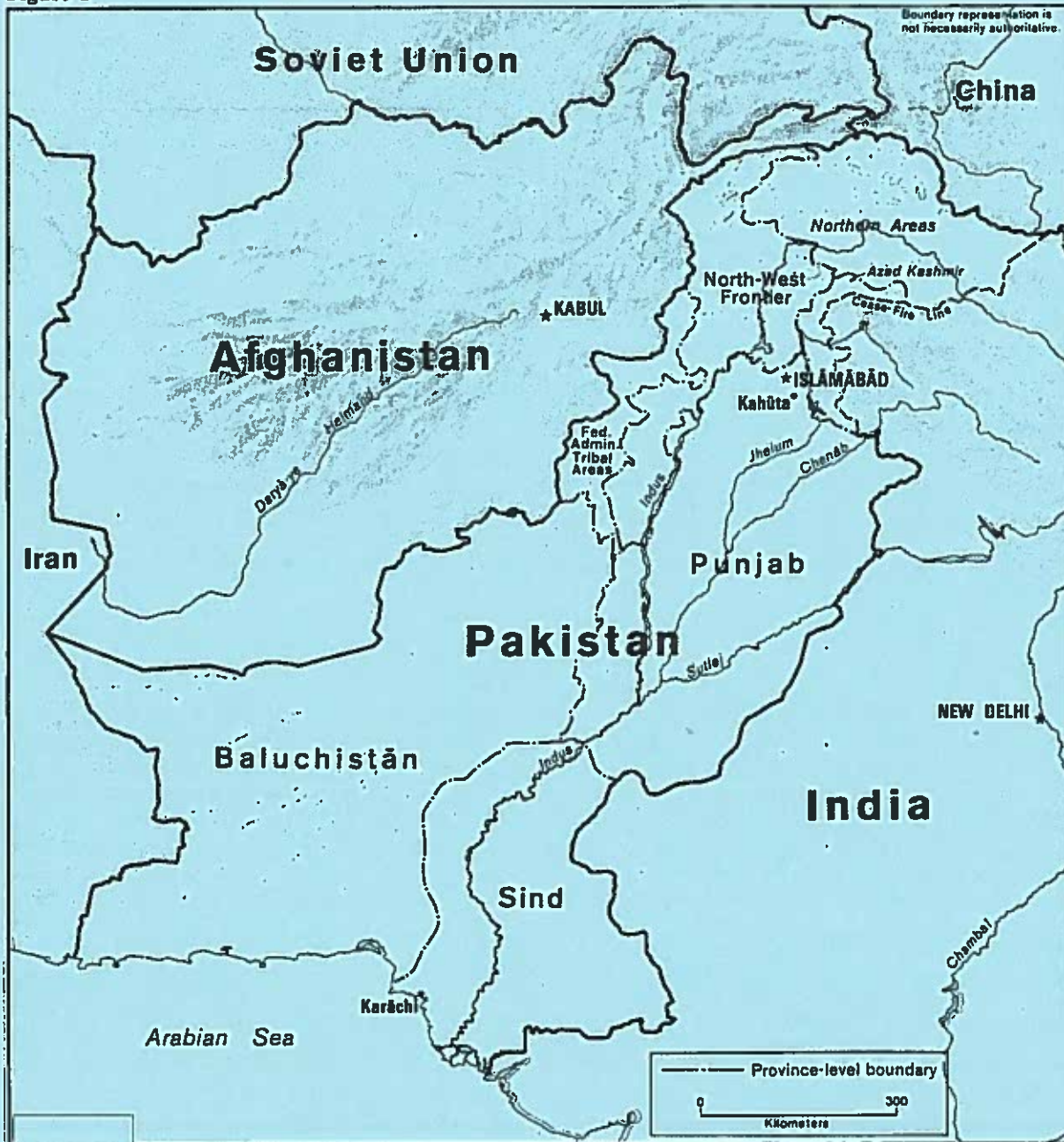
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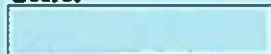
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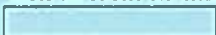
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**Pakistan-United States:
Dynamics of the
Relationship** 

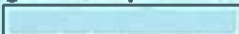
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Zia's Gamble

The growth and development in the last five years of Pakistan's relations with the United States—including the six-year, \$3.2 billion US security assistance program for Pakistan and cooperation in aiding the Afghan resistance—have been a major political success for President Zia. The Soviet invasion of Afghanistan fundamentally changed Islamabad's strategic perspective and was the major impetus for Zia's decisions in 1980 and 1981 to resurrect Pakistan's security ties with the United States. Pakistan for the first time faced a serious threat from the northwest as well as from its historic adversary to the east—India.



 many of Zia's advisers doubted the reliability of the United States and worried that becoming dependent on US security assistance would make Pakistan's security and foreign policies hostage to US policy interests. Zia, however, has been able to show that the new security relationship is durable and has yielded significant strategic benefits for Pakistan. We believe he is committed to further strengthening the relationship—including greater cooperation in regional security matters.



Strategic Benefits for Pakistan

Zia regards close and cooperative relations with the United States as a strategic imperative for Pakistan to withstand Soviet pressure for accommodation on Afghanistan. 



**Status of Major US-Pakistan
Arms Agreements**

| | Order | Value (million US \$) | Remarks |
|--|-------|-----------------------------|---|
| F-16 Fighters | 40 | 1,100 | 32 delivered |
| M-109A2 (155 mm) and M-110A2 (8-inch) self- propelled howitzers; M-198 (155 mm) towed howitzers | 179 | 115 | Delivery completed |
| M-48A5 tanks | 200 | 151 | Delivery completed |
| Improved TOW antitank missiles | 1,000 | 10 | Delivery completed |
| AH-1S Cobra attack helicopters | 20 | 171 | 10 delivered |
| Harpoon submarine- launched antiship missiles | 16 | 47 | Delivery scheduled for 1986 |
| Harpoon surface-launched antiship missiles | 32 | 45 | Delivery scheduled for 1988-89 |
| AIM-9L Sidewinder air-to- air missiles | 500 | 46.2 | 100 delivered (expedited) |
| Stinger Basic tactical anti- aircraft missiles | 120 | 8.3 | 60 launchers and missiles plus 60 reloads |

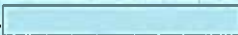
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The \$3.2 billion US security assistance program agreed on in June 1981—of which half is foreign military sales credits for purchasing US weapons and half is economic aid—is the cornerstone of Pakistan's relations with the United States. 

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 Pakistan regards modern US weapons—such as the 40 F-16 fighters that are the centerpiece of the present security assistance package—as essential to

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develop a credible military capability to deter aggression from India as well as from Soviet-occupied Afghanistan. Pakistani officials say that the security assistance program also implies a US commitment to Pakistan's security that might deter a Soviet or Indian attack. [redacted]

Besides strengthening Pakistan militarily, US security assistance allows Islamabad to maintain its support for the Afghan resistance. Islamabad's commitment to the Afghan resistance—including sanctuary, arms, ammunition, and training—is based on the strategic requirement of preventing the Soviets from consolidating their hold on Afghanistan and using it as a base from which eventually to threaten and destabilize Pakistan. The Pakistanis say that US security assistance significantly reduces the risks of confronting the Soviets in Afghanistan. [redacted]

The security relationship with the United States also has given Islamabad more room for diplomatic maneuver with New Delhi. Senior Pakistani officials say that US security assistance has given Pakistan the confidence to pursue a dialogue with India on improving relations and to propose, in September 1982, that the two countries negotiate a nonaggression pact. The Pakistanis believe that their arms modernization—to which US weapons are crucial—reduces Islamabad's vulnerability to Indian pressure for concessions in bilateral negotiations. [redacted]

The Historical Legacy: A Barrier to Trust
Zia's decision to accept US security assistance is still controversial because, in the view of most Pakistanis, the history of bilateral relations discredits US commitments to Pakistan. The US arms embargoes imposed during Pakistan's wars with India in 1965 and 1971 (as well as in 1948) showed that the United States was an unreliable ally even when the two countries were linked in the SEATO and CENTO alliances and had signed, in 1959, an Executive Agreement of mutual defense cooperation. US-Pakistani relations reached their low point in 1979 when US military and economic aid was suspended in response to Pakistan's efforts to develop a nuclear weapons capability. US policy also was seen as favoring India to the detriment of Pakistani interests and as being hostile to Zia's martial law regime. [redacted]

1959 Executive Agreement

The 1959 Executive Agreement of Cooperation between the United States and Pakistan commits the United States, in accordance with constitutional processes, "to take such action, including the use of armed forces, as may be mutually agreed upon and as envisaged in the Joint Resolution to Promote Peace and Stability in the Middle East" in the event of aggression against Pakistan. The Joint Resolution to which the Executive Agreement refers is popularly known as the Eisenhower Doctrine. Section 2 of the Eisenhower Doctrine limits the US defense commitment to assisting "nations requesting assistance against armed aggression from any country controlled by international Communism." [redacted]

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The US failure to assist Pakistan in its wars with India in 1965 and 1971 reinforced Islamabad's doubts about the reliability of US commitments embodied in the Executive Agreement. [redacted]

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The 1971 war was fought over East Bengal's secession from Pakistan, and India—which had recently signed a Treaty of Friendship and Cooperation with the USSR—enjoyed Moscow's full support. Pakistanis believed that the United States should have considered India a country "controlled by international Communism" because of its new Soviet ties and intervened to preserve the national integrity of Pakistan. [redacted]

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Despite reaffirmation of the Executive Agreement and the large security assistance program, [redacted] most Pakistanis—including those in government, the military, the political opposition, and in the bazaars—still doubt US reliability. Many officials and opinion leaders have voiced their belief that US support for Pakistan is only a temporary expedient to oppose the Soviets in Afghanistan and that an improvement in US-Soviet relations—or a loss of interest in the Afghan resistance—would leave Islamabad alone to confront Moscow. The Pakistanis

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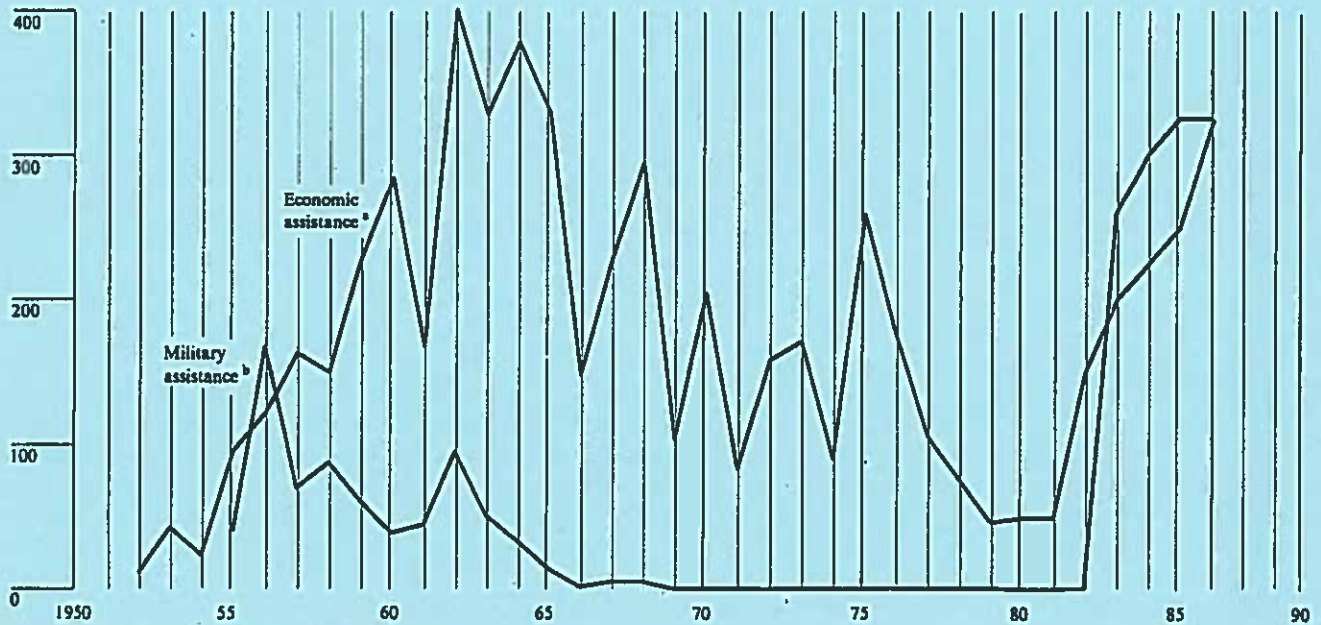
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Figure 2
US Aid to Pakistan, 1952-87

Million US \$

- 1954: Pakistan signs Mutual Defense Assistance Agreement with the United States
- 1954: Pakistan becomes charter member of SEATO
- 1954: Turko-Pakistani Mutual Defense Pact
- 1955: Pakistan becomes charter member of Baghdad Pact (later, CENTO)
- 1959: US-Pakistani Executive Agreement
- 1965: US arms embargo during Indo-Pakistan war
- 1971: US arms embargo during Indo-Pakistan war
- 1972: Pakistan withdraws from SEATO
- 1979: Pakistan withdraws from CENTO
- 1980: Soviets invade Afghanistan
- 1981: US-Pakistani agreement on \$3.2 billion five-year security assistance package
- 1982: Pakistan signs General Security of Military Information Agreement



^a Economic assistance includes Economic Support Fund (ESF) and P.L. 480 loans.
^b Military assistance includes FMS financing assistance, Military Assistance Program (MAP) grants, and International Military Education and Training (IMET).

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Pakistani F-16 Fighter [redacted]



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also fear that US support for Pakistan will always be hostage to changing foreign policy perspectives in Washington and that the United States might alter its policy to gain favor with India. [redacted]

Perceptions of the United States

Military Attitudes

[redacted] Pakistani Army officers are ambivalent about Islamabad's close relations with Washington. Most Pakistani officers have high regard for US weapons and value the contribution of US security assistance to strengthening Pakistan's defenses. [redacted] however, Pakistani officers—especially at the junior and middle levels—identify more with the Islamic world than the West. [redacted] younger officers distrust the United States because they believe US Middle East policy is anti-Islamic and because of past US arms embargoes. Many Army officers—including some senior advisers to Zia—fear that increasing military cooperation with the United States would subordinate Pakistani interests to those of the United States without enhancing Pakistan's security. [redacted]

The Navy is more receptive to closer military ties to the United States—including joint naval exercises—because of its past involvement in training with the US Navy when Pakistan was a member of the SEATO and CENTO alliances. Senior Pakistani naval officers have said they would welcome US Navy port calls and use of the Karachi dockyard and repair facilities and that they believe joint exercises would have great benefit for the Pakistan Navy. Islamabad is reluctant to approve such ties because of Pakistan's Islamic and nonaligned interests. [redacted]

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The Bureaucracy

Even after four years of a strong and developing security relationship with the United States, many Foreign Ministry officials—but not Foreign Minister Yaqub—remain skeptical about Zia's emphasis on close US relations. [redacted] some senior Foreign Ministry officials believe that Zia has entrusted Pakistan's security to an unreliable

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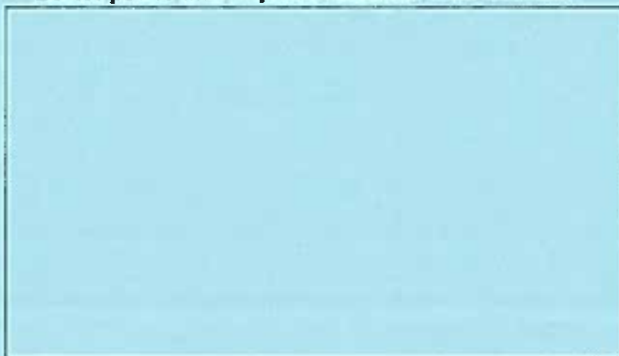
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Foreign Minister Sahabzada Yaqub Khan [redacted]

ally and given the United States significant leverage over Pakistani policies. Many of these officials give priority to cultivating Islamabad's relations with the Islamic countries and the Nonaligned Movement. They believe that only other Islamic countries are concerned about Pakistan's fate and that Islamabad's nonaligned ties are important as a deterrent to Indian aggression. [redacted]

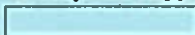
Some senior Foreign Ministry officials argue that, because the United States is far from the region, Islamabad should take account of the proximity of Soviet power and improve relations with Moscow.



Popular Attitudes

Popular opinion in Pakistan is suspicious of US motives and perceives the United States as being anti-Islamic. The Pakistani media—especially the Islamic

newspapers—and many intellectuals in Pakistan routinely criticize US policies in Afghanistan and the Middle East. The media in particular have great influence in affecting popular opinion. At the same time, recent Pakistani polls—which we believe are generally reliable despite problems with sampling methodology and fieldwork techniques—indicate widespread support for US military and economic aid.



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We believe that anti-US sentiment is never far from the surface in Pakistan. [redacted]

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[redacted] Threats to US interests in Pakistan are mostly by radical Shia and other fringe groups that have almost no popular backing. [redacted]

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We believe that latent anti-US sentiment in Pakistan could be politically exploited if the opposition to Zia grows because of a deteriorating economy, a growing Afghan refugee burden, and increasing Soviet or Indian political and military pressure. Increased popular and political opposition to Zia could make Pakistan's close ties to the United States a major political issue that would be a liability for Zia. In such an event, threats and violence against US persons and installations in Pakistan probably would increase.

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US-Pakistani Relations In Political Debate

All of the major political parties in Pakistan have criticized Zia's close ties to the United States. Pakistan's largest opposition grouping, a coalition of center-left parties called the Movement for the Restoration of Democracy (MRD), has accused Zia of undermining Pakistan's nonaligned standing, embroiling Islamabad in superpower conflicts, and following the US lead in Afghanistan. The MRD parties say that US policy is opposed to a negotiated settlement in Afghanistan and that Pakistan's interests require more balanced relations with Moscow and direct dialogue

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Pakistan National Assembly Session, May 1985
Most of the delegates support Zia's Afghanistan policy, which was forcefully defended by the government in response to questions in May's National Assembly session. [redacted]



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with the Soviet-installed Kabul regime. The fundamentalist Islamic parties criticize US policies for being anti-Islamic and warn Zia against subordinating Pakistan's interests to those of the United States. [redacted]

plans to make Zia's Afghanistan policy—and, implicitly, his US policy—an issue to rally public opposition to the new civilian government. [redacted]

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Nonetheless, the political opposition has been unable to exploit Pakistan's close relations with the United States against the government because Zia has monopolized the political process and because of the threats from Afghanistan and India. The political parties have focused their opposition to Zia on his control and manipulation of the political process and on provincial political and economic grievances rather than on substantive foreign policy issues. In any case, Zia's deft handling of the transition to civilian rule—in which the parties were barred from active participation in national elections—has left the political parties with declining influence in framing issues of public debate. [redacted]

The Potential and Limits of Cooperation

Zia, in our view, is inclined toward greater cooperation with the United States on strategic issues—particularly in aiding the Afghan resistance. We believe Zia regards policies aimed at containing the spread of Soviet power and influence as vital to Pakistan's security whether or not they support US interests. In the circumstances of Pakistan's vulnerability between Soviet-occupied Afghanistan and (from the Pakistani perspective) Soviet-allied India, Zia believes Islamabad has no alternative but to cooperate with the United States. Zia believes China, the Islamic countries, and the Nonaligned Movement cannot guarantee Pakistan's security in a confrontation with the Soviets or India. [redacted]

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The national elections in February 1985 enhanced Zia's political legitimacy and improved the outlook for stability in Pakistan, but they also set the stage for an unprecedented public debate on the premises of Islamabad's foreign policy—including close relations with the United States. The opposition parties almost certainly will try to take advantage of a foreign policy debate to gain the political initiative against Zia.

Many Pakistanis do not accept Zia's strategic premises. In their view, Zia's policies inevitably will lead to a confrontation with the Soviets, threaten political and economic stability in the border areas where nearly 3 million Afghan refugees are concentrated,

[redacted] the MRD

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President Zia at Nonaligned Summit, New Delhi, March 1983
Pakistan for now, says Zia, must be "holier than the Pope" to maintain its credibility in the Nonaligned Movement, especially since India has called Pakistan's relations with the United States incompatible with adherence to nonaligned principles. [redacted]

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and also weaken Pakistan by diverting policy attention from Pakistan's principal adversary—India. They believe that Zia's faith in US support—which is both the consequence and the underpinning of his confrontational policy toward the Soviets in Afghanistan—is misplaced and that Pakistan would be isolated if it faced a crisis threatening its security and survival.

Policy Constraints

Although the Pakistanis have provided important support for US policy in Afghanistan and the Persian Gulf region, they are wary that too close an identifica-

tion with US interests will jeopardize Pakistani ties to the Islamic countries and the Nonaligned Movement. Zia also must be sensitive to charges within the military and by the political opposition that his policies serve US—rather than Pakistani—interests. We believe that widespread opposition to Zia's foreign policy or an erosion of his political position—particularly within the military—not only would constrain Zia from increasing cooperation with the United States but might result in a divergence of Pakistani and US policies. [redacted]

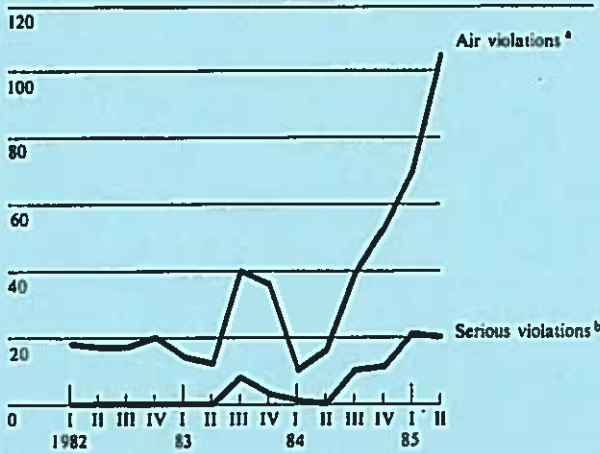
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Figure 3
USSR-Afghanistan-Pakistan: Trends In
Cross-Border Air Incursions, 1982-85



Note: Most of the airstrikes occurred in Pakistani territory adjacent to besieged Afghan border outposts and major insurgent infiltration routes and probably were related to Soviet and Afghan army operations in Afghanistan's border areas.

^a Air violations refer to overflights of Pakistani territory and/or attacks that did not result in casualties.
^b Serious violations refer specifically to attacks that produce casualties.

Afghanistan

We believe the Pakistanis want to increase their support for the Afghan resistance to put pressure on the Soviets to accept a negotiated settlement in Afghanistan that would result in the withdrawal of Soviet forces. [redacted]

[redacted] The substantial increase in cross-border air attacks into Pakistani territory in the last year has not caused Zia to waver in his support for the resistance. [redacted]

Nonetheless, Islamabad wants to avoid a sharp escalation of tension along the border and insists on direct control in training and passing arms to the insurgents. Zia and other senior government officials have said

that Pakistan must control the level of aid given the Afghans to prevent a sudden confrontation with the Soviets. The Pakistanis fear that a precipitate increase in insurgent capabilities would provoke an intensification of Soviet pressure that might lead to more serious cross-border attacks and a direct military confrontation with the Soviets or result in serious political instability in the North-West Frontier and Baluchistan Provinces. They may also be concerned that a sudden improvement in insurgent military capabilities may be seen in Moscow as a direct challenge by the United States and result in increased Soviet determination to crush the resistance—including a substantial augmentation of Soviet troops in Afghanistan as well as greater pressure on Pakistan—rather than Soviet willingness to accept a negotiated settlement. [redacted]

Pakistan does not want to publicize its role in aiding the Afghans and opposes direct US arms aid to the insurgents. We believe that Islamabad places great importance on maintaining the plausibility of its denials that it is supporting the Afghan resistance because of concern about both foreign and domestic reaction:

- Zia has said that acknowledging Pakistan's aid to the insurgents would result in greater Soviet pressure and undermine Islamabad's support in the Nonaligned Movement.
- Publicity that authoritatively linked Pakistani and US policies would give the political opposition—including some of the religious parties that otherwise support aiding the Afghan resistance—a major issue to use against Zia.

Senior Pakistani officials have said that US media publicity about Pakistani cooperation with the United States in providing assistance to the Afghans is embarrassing to Pakistan. [redacted]

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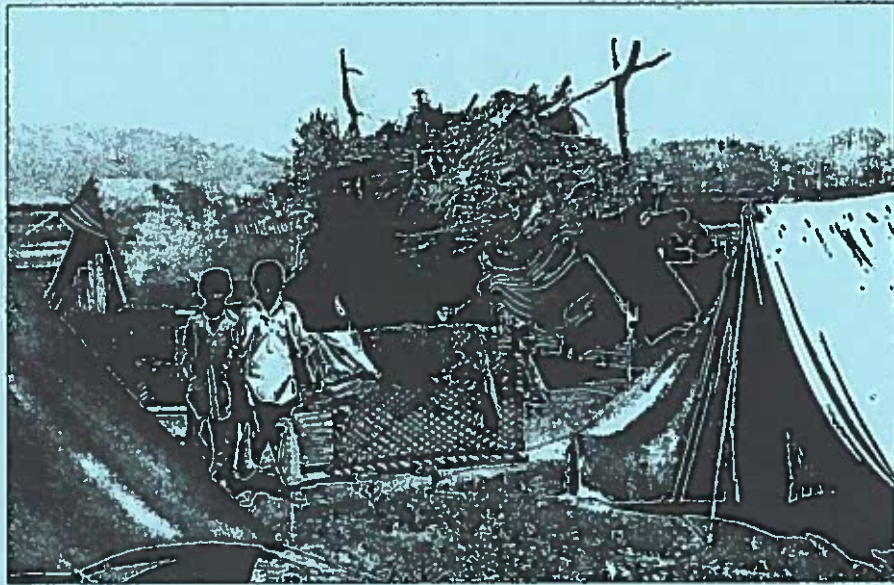
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**Afghan Refugee Camp
in Pakistan**

The Afghan refugees so far have not been the destabilizing element in Pakistan that the Palestinians were in Lebanon—as many Pakistanis feared—because they have not upset the social and economic balance and there is broad support for them throughout the country. Islamabad's skillful management of the refugee problem and significant foreign refugee assistance have kept the Afghans from becoming an overwhelming economic burden.



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A significant escalation of Soviet military pressure or increased social and economic tension caused by the Afghan refugees could force Zia to reevaluate Pakistan's support for the resistance. [redacted]

[redacted] Islamabad is becoming more concerned about growing economic competition and increasing violence between the refugees and Pakistanis living in the border areas. Afghan refugees are opening many small businesses and in some cases already dominate local industries. Refugee migration to urban areas in Pakistan is causing sharp increases in rents and land prices. In addition, Afghans are being held responsible for declines in wages in some areas and are likely to be blamed for increased unemployment caused in part by Pakistanis returning from the Middle East. Zia, however, is unlikely to alter his Afghanistan policy unless continued economic decline and a worsening security situation in the border regions seriously weakened his political position. US support for Pakistan in the event of greater Soviet military pressure would be crucial for Zia to sustain his policy on Afghanistan. [redacted]

opposition charges that Zia is more interested in supporting US interests than he is in a political solution that would allow the repatriation of the Afghan refugees and reduce the Soviet threat. The Pakistanis emphasize that a political settlement must include explicit linkage between the cessation of outside interference—Moscow's and Kabul's key demand—and the withdrawal of Soviet troops. [redacted]

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Regional Security

Pakistani officials regard the security and stability of the Persian Gulf as essential to Pakistan's own security, especially in the changed strategic circumstances of the Islamic revolution in Iran. Faced with a potentially hostile Iran on its southwestern border, Pakistan's ties to Saudi Arabia and the other Persian Gulf states have become strategically more important to Islamabad. Pakistan's extensive military ties to the Arab Gulf states—including nearly 18,000 military personnel assigned to Arab armed forces, more than 15,000 in Saudi Arabia alone—help to strengthen their defenses and enhance regional stability, as well

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The UN-sponsored Geneva indirect talks on Afghanistan are a major element of Pakistani policy even though Zia is pessimistic about their prospects. Islamabad regards these negotiations as necessary to defuse

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The Soviet Threat to Pakistan

Increased Pakistani support for the Afghan resistance that resulted in major insurgent gains or significantly higher Soviet casualties and equipment losses in Afghanistan almost certainly would cause Moscow to intensify pressure on Islamabad. The Soviets, on several occasions in the last year, have warned Pakistan of severe consequences if Islamabad did not end its support for the Afghans. [redacted]

An escalation of military pressure against Pakistan probably would be probing and gradual, with Moscow continually assessing US and Pakistani reactions. A Soviet determination of weakness or indecision in Islamabad or the United States might cause Moscow to believe that further escalation would pose little additional risk. We believe, however, that the Soviets would back down from a military confrontation in the event of a strong Pakistani response to cross-border attacks. The Soviets, in our judgment, would seek to avoid an action that might cause the United States to commit military forces to Pakistan. [redacted]

We believe the Soviets will increase subversive activities in Pakistan's border regions to disrupt insurgent infiltration of arms and men into Afghanistan and to take advantage of tension between local Pakistanis and the Afghan refugees. The Soviets would hope greater instability in the frontier regions would encourage opposition to Zia's Afghanistan policy. [redacted]

As he has in the past, Zia would press the United States for increased arms aid in the event of greater Soviet military pressure. Although weapons such as Stinger antiaircraft missiles and AIM-9L air-to-air missiles significantly improve Pakistan's capabilities to defend against air incursions from Afghanistan, Pakistan still would have difficulty responding to cross-border air and artillery attacks that were confined to the immediate border areas—where nearly all of the incidents have occurred. The Pakistanis have acted with restraint to the cross-border air attacks because they want to assure that aircraft they shoot down crash in Pakistani territory and because they want to avoid a major military incident. We believe they would vigorously defend against larger and deeper airstrikes or a major ground incursion. [redacted]

as provide Islamabad important financial benefits.¹ Islamabad also has taken several diplomatic initiatives to help negotiate an end to the Iran-Iraq war and to reduce tension in the Persian Gulf, so far without success. [redacted]

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The potential for strategic military cooperation in the Persian Gulf region is limited by Islamabad's sensitivity to the attitudes of other Islamic states and the Nonaligned Movement, as well as by popular opinion in Pakistan. The Pakistanis are unwilling to risk undermining Islamic support for Pakistan by moving beyond the moderate Arab consensus on the acceptable limits of cooperation with the United States. Senior Pakistani officials have said that closer military cooperation with the United States that included joint training exercises, pre-positioning fuel and supplies for US forces, routine peacetime use of ports and airfields by US naval combatants or patrol aircraft, or access by US combat forces to Pakistani bases for military contingencies in the Persian Gulf would strain Islamabad's relations with all of its neighbors—including India and Iran. [redacted]

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While not wanting to be implicated in supporting US military contingencies contrary to Islamic interests, Pakistan regards a US military presence in the region as comforting. Zia has told senior US officials that Pakistan wants the United States to maintain its naval forces in the Indian Ocean and Arabian Sea and to improve its capability to project military power into the region to deter the Soviets. Even though political considerations deter Islamabad from greater cooperation at this time, the Pakistanis want to maintain the option of inviting US forces to help defend Pakistan in a crisis. For this reason, the Pakistanis have consistently rejected Indian demands that Islamabad agree to prohibit foreign military bases on its territory as the price for a nonaggression pact. [redacted]

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Zia has indicated that military ties to the United States could evolve gradually toward greater cooperation as political circumstances allowed. Closer military cooperation would greatly facilitate the coordination of US and Pakistani naval activities in a Persian Gulf or Arabian Sea military contingency. We believe that Islamabad would grant the United States more significant access to Pakistani military facilities if the Soviets began a military and logistic buildup in Afghanistan that increased the threat to Pakistan and the Persian Gulf. There is only a small chance that an escalation of the Iran-Iraq war that threatened the Persian Gulf states would cause Islamabad to agree to closer strategic cooperation with the United States. In either case Islamabad would try to ensure itself of broad Islamic support. [redacted]

Middle East Peace

Pakistan has encouraged Arab moderation in policies toward Israel. According to Foreign Ministry officials, Islamabad played a major role in persuading the moderate Arab states not to challenge Israel's credentials in the United Nations and the International Atomic Energy Agency in 1982 and 1984 and in facilitating Egypt's reentry into the Islamic Conference. Foreign Ministry officials caution that Pakistan cannot take the lead in supporting any US Middle East peace initiative that does not have moderate Arab backing. A new Arab-Israeli war almost certainly would strain US-Pakistani relations. [redacted]

Issues in Bilateral Relations

Islamabad will remain sensitive to shifts in US policies that hint that Pakistan's strategic importance to the United States has decreased. Zia would be alert to indications that the United States sought a rapprochement with India or a new detente with the Soviets at the expense of Pakistan. We do not believe Zia considers a US-Soviet deal conceding Afghanistan to Moscow is likely in the next three years. Especially worrying to Islamabad would be US agreement to limit arms to Pakistan as the price for better relations with India. [redacted]

Senior Pakistani military officers and government officials say that US credibility—and the deterrent potential of US security assistance—would be greatly

enhanced if the United States stated publicly that it was committed to the defense of Pakistan. [redacted]

[redacted] Islamabad does not expect the United States to send troops to defend Pakistan but would press for new arms deals and accelerated delivery of advanced weapons. In the event of significantly increased Soviet military pressure, the Pakistanis would welcome US logistic and intelligence support or the temporary deployment to Pakistan of a tactical fighter squadron or AWACS early warning aircraft. In the event of war with India, Islamabad would regard a US commitment at least to replace Pakistan's equipment losses as a litmus test of US reliability. [redacted]

Security Assistance

We believe that Zia calculates that Pakistan plays a key role in US regional strategy—especially in assisting the Afghan guerrillas—and that he believes this gives Islamabad considerable leverage in its relations with the United States. Pakistani officials emphasize the coincidence of Pakistani and US interests in Afghanistan and the Persian Gulf region to strengthen their case for increased US security assistance. [redacted]

Islamabad probably will press for a substantial increase in military sales credits in a new multiyear security assistance package to finance an ambitious arms modernization program. Senior Pakistani officials have said Pakistan wants \$2.4 billion in military assistance—compared with \$1.6 billion in the present security assistance program—after 1987, although this may be an opening bargaining position. The Pakistanis will continue to regard US responsiveness to their arms requests as the key indicator of the US commitment to Pakistan. Unwillingness by the United States to meet Pakistan's perceived defense needs would strengthen critics of Zia's policy, especially if weapons are denied to the Pakistanis that are given to other US non-NATO allies. [redacted]

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Implications for US-Indian Relations

New Delhi views US-Pakistani security relations as thwarting the longstanding Indian goal of excluding the superpowers from South Asia and the Indian Ocean region, where India aspires to unchallenged political and military dominance:

- *The Indians believe Islamabad wants modern US weapons to strengthen Pakistan's military capabilities against India rather than for defense against a Soviet attack from Afghanistan.*
- *New Delhi is concerned that the United States eventually will obtain military bases in Pakistan, thereby increasing US-Soviet rivalry in the region.*
- *Many Indians believe that Pakistan has shrewdly exploited its relations with the United States to avoid an aid cutoff while pursuing a nuclear weapons capability, and that the United States has not pressed Islamabad on the nuclear issue because it desires to keep Pakistan as a strategic partner in opposing the Soviets in Afghanistan.*
- *Many Indians also believe that US-Pakistani security relations have assumed a dynamic of their own and that, even if there were a political solution in Afghanistan, the United States would still use Pakistan to maintain a presence in Southwest Asia.*

Even though the new government of Rajiv Gandhi is not inclined to allow US relations with Pakistan—including military assistance—to be a major obstacle to better Indian relations with the United States, substantial new arms agreements with Islamabad will remain an irritant in US-Indian relations. India almost certainly would try to offset new arms agreements by accelerating its acquisition of modern arms from the Soviets and from West European suppliers. New Delhi probably would oppose an expanded US security commitment to Pakistan in exchange for Islamabad's terminating its nuclear program. New Delhi would be skeptical about the proposal, and many Indians would expect the Pakistanis to pursue a more aggressive policy toward India under the protection of a US security commitment.



President Zia with President Reagan

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Our analysis indicates that Pakistan will have increasing difficulty meeting its repayment obligations to the United States even under the current package without additional assistance. We believe that eventually Islamabad will press the United States for grant military assistance—or debt forgiveness on arms payments—to finance its arms modernization. The Pakistanis already have asked for emergency credits at concessional rates to help them meet their debt repayments. Pakistan would be reluctant to temper its arms purchase demands to help relieve its debt burden, especially as long as India continues to negotiate new arms deals with the Soviets.

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We believe the Pakistanis also regard increased US economic aid as crucial to enable Islamabad to avoid politically unpalatable reforms to deal with serious economic difficulties. A disastrous cotton crop, a record trade deficit, the increased cost of foreign imports, and a sharp decline in remittances from

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Pakistan's Arms Modernization Priorities

US arms are central to Islamabad's ambitious plans for military modernization and the key determinant in Pakistan's relations with the United States. The requirement to replace the obsolescent weapons that made up most of Pakistan's military capability was stimulated by India's large weapons purchases from Moscow and the West and was given added impetus by the Soviet invasion of Afghanistan. The Pakistanis believe that modern US weapons are required to give Pakistan a credible military capability to deter aggression or to sustain an effective defense until diplomatic efforts could stop the fighting. [redacted]

The Pakistan Air Force has the highest priority in the present US security assistance program. The acquisition of 40 F-16 fighters—32 of which had been delivered by August 1985—and AIM-9L air-to-air missiles significantly improves Pakistan's capability to defend against Indian or Soviet air attacks. Equally important, from Islamabad's perspective, is that the F-16s greatly increase the range and striking power of the Pakistan Air Force against strategic targets in India. US Embassy sources indicate that Pakistan is interested in additional F-16 purchases to replace some of the aging Chinese-built F-6 fighters that still make up half of the Air Force. The Pakistanis have placed recent emphasis on acquiring radar early warning aircraft, such as the US Navy E-2C, to improve their inadequate aerial surveillance capabilities along the rugged Afghan border. [redacted]

Islamabad intends to give higher precedence to the Army in its modernization efforts for the rest of the decade. The Army hopes to improve its antiarmor capability by acquiring Copperhead laser-guided artillery shells and purchasing additional Improved TOW antitank missiles and Cobra helicopter gunships. Pakistan has already received 10 Cobra gunships under the present security assistance program. The gunships will significantly improve the Army's ability to respond quickly to enemy armored assaults. Zia also has emphasized the importance of obtaining modern tactical man-handled antiaircraft missiles to defend against air attacks from Afghanistan and has insisted on Stinger Post rather than the older Stinger Basic. [redacted]

The Pakistan Navy is focusing its modernization efforts on enhancing its offensive capabilities and improving ship defenses. Islamabad has ordered 16 Harpoon submarine-launched missiles, which will be delivered next year, and wants to buy additional Harpoon antiship missiles for three new frigates being built by Britain for delivery in 1989 and 1990. The Navy also wants to arm its British frigates with rapid-fire Vulcan/Phalanx guns to defend against the Indian cruise missile threat and to equip its ships with advanced electronics. [redacted]

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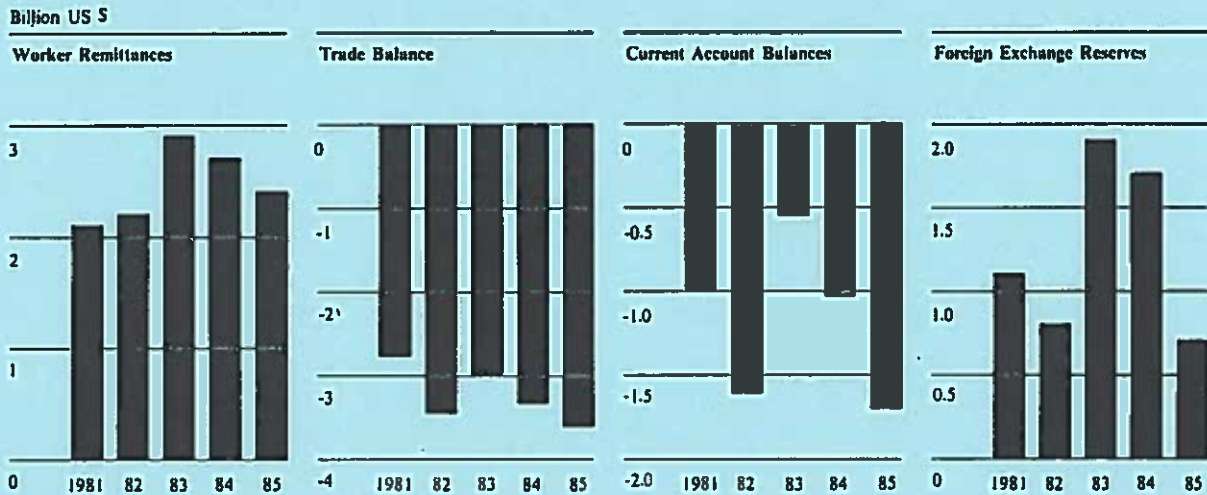
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Figure 5
Pakistan: Economic Indicators, 1981-85^a



^a Data are for fiscal year ending 30 June.

[Redacted]

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overseas workers since 1983 have forced Pakistan to draw significantly on its foreign exchange reserves to meet its debt obligations. The Pakistanis claim that economic reforms, such as those required by the International Monetary Fund for new loans, could cause serious political trouble for Zia and threaten Pakistan's fledgling democracy. Islamabad wants US aid for balance-of-payments support without reforms that would eliminate or sharply reduce subsidies—particularly for agriculture and food—or increase taxes. The Pakistanis are asking for \$3.6 billion in new US economic aid after 1987. [Redacted]

Arms Technology Transfer

The Pakistanis, in our view, will protect modern US weapons and arms technology transfer from unauthorized disclosure to other countries so long as they perceive the security relationship with the United States is providing tangible benefits. New strains in relations with the United States, however, would increase the incentive for Pakistan to compromise US arms technology to China—which the Pakistanis

consider is their most reliable ally. Pakistan in the past has transferred French and US weapons to China in violation of its arms agreements with both countries. We do not believe that Pakistan has given China access to US weapons or arms technology delivered since the signing of a General Security of Military Information Agreement in June 1982 even though, [Redacted] Islamabad and Beijing have agreed to share arms technology in a collaborative arms development and production effort.

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Narcotics

Islamabad, in response to US pressure and because of growing drug addiction in Pakistan, has stepped up its efforts to cut opium production and to crack down on heroin labs in the northwest tribal areas. Although poppy production in Pakistan has dropped sharply in recent years, Pakistan has become a major heroin-processing center and is increasingly dominant in the

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Southwest Asia narcotics trade. Much of the Afghan opium that enters the international narcotics market passes through or is processed into heroin in Pakistan.

[redacted]

In our view, Pakistani concern about the potential of politically costly confrontation with drug traffickers and poppy growers will continue to limit Islamabad's willingness to crack down on narcotics activities in the frontier region. Pakistani efforts to take forceful antinarcotics measures have met stiff resistance—sometimes resulting in violence—in tribal areas where the government has little practical authority.

Nuclear Proliferation

Zia almost certainly calculates that Pakistan's importance to US policy in Afghanistan has allowed him flexibility to pursue the technology to support a nuclear weapons option surreptitiously without provoking an immediate or automatic cutoff in US security assistance. Zia has said that he would not "embarrass" the United States on the nuclear issue. We believe his assurances mean that the Pakistanis would not test a nuclear device or reprocess spent fuel from the safeguarded reactor at Karachi as long as Pakistan is receiving US aid. According to the Pakistani press, Zia has also assured the United States that Pakistan will not enrich uranium above 5 percent. In our judgment, the Pakistanis are working to develop a nuclear weapons capability even though they realize their program risks a cutoff of US security assistance.

Islamabad has been working on the development of the nonfissile components of a nuclear weapon since the mid-1970s. We believe the Pakistanis could probably assemble a workable nuclear device within a few months if they had enough fissile material. We do not believe that Pakistan will be able to produce enough plutonium for a nuclear device in the near future. Also, we do not believe that Pakistan's uranium enrichment facility at Kahuta is capable of producing enough highly enriched uranium for a nuclear device, but we cannot exclude the possibility that it could do so within a year of a decision to try.

[redacted]

In our view, no amount of US security assistance or political pressure will cause Islamabad to forsake its nuclear weapons option. As important as US aid is to Pakistan's security, most Pakistanis are convinced that a nuclear capability is Pakistan's only credible long-term deterrent to Indian aggression. We do not believe that Zia would alter his commitment to maintain a nuclear weapons option even if the United States explicitly guaranteed Pakistan's security against India because of Pakistani doubts about US reliability. We believe that Zia's political position would become untenable if he agreed to terminate the Pakistani nuclear program—for which there is nearly unanimous support in Pakistan—in response to US pressure.

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Implications of a US Aid Cutoff

The suspension of security assistance to Pakistan would severely undermine US policies in the region:

- Suspension of US aid programs to Pakistan probably would cause Islamabad to sharply reduce its support for the Afghan resistance. Pakistan might be willing to provide some aid to the Afghans with the support of China and Saudi Arabia, but it would be unwilling to risk a confrontation with the Soviets without US backing. The fighting probably would continue in Afghanistan, but without major Pakistani support to the guerrillas—or a significant increase in Iranian aid to compensate for the loss of Pakistani assistance—the Soviets eventually would crush the resistance.
- An aid cutoff would remove the major political obstacle to Pakistani development and testing of a nuclear device. Islamabad almost certainly would intensify its nuclear weapons development effort. In such an event, a Pakistani decision to test or to stockpile nuclear weapons would depend on Islamabad's view of the regional security environment at the time—including India's likely actions.

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It is even possible that a US aid cutoff would force Zia to resign or be removed by a military coup. Zia is personally identified with resurrecting Pakistan's security ties to the United States, and an aid cutoff would show that Zia's US policy was based on bankrupt premises. [redacted]

Implications for the United States If Zia Fell

Almost any new government in Islamabad would be less receptive to US policies and interests because it would need to establish its independence to maintain popular credibility. We do not believe, however, that even a new civilian government dominated by the center-left political opposition would necessarily be hostile to US strategic interests. [redacted]

A new military regime that came to power as a result of Zia's assassination would be most likely to continue the broad outlines of his policies regarding both Afghanistan and relations with the United States. Zia most likely would be replaced by one of the Army's senior generals who share his strategic perspectives. [redacted]

Serious and prolonged unrest in Pakistan probably would cause the Army to replace Zia with a general who would attempt to negotiate a return to civilian rule on terms the military could accept. In these circumstances, we believe the new military regime would not continue policies that lacked popular backing. The regime would be more likely to downgrade relations with the United States and try to ease tensions with the Soviets while it concentrated on consolidating its rule or preparing to transfer power to a civilian government. [redacted]

A civilian government dominated by the center-left parties of the MRD almost certainly would change the direction of US-Pakistani relations. The MRD coalition advocates a foreign policy that emphasizes nonalignment, downgrading relations with the United States, and finding a political solution to the war in Afghanistan that allowed for the repatriation of the Afghan refugees. But the need to maintain the Army's support to remain in power and popular attitudes would limit MRD policy choices. Although US-Pakistani relations would change under an MRD government, Islamabad's policies might not be hostile to US interests if the Pakistani consensus on foreign threats and defense requirements remains the same. [redacted]

In our view, a Pakistani government dominated by the Islamic parties might be the most anti-American and provoke a break in US-Pakistani relations. An Islamic government would remain hostile toward the Soviets, but it might nonetheless adopt a more conciliatory policy toward Afghanistan if there were a growing public consensus that the refugee burden was becoming too great for Pakistan. The Army probably would have little political influence with an Islamic government and would not be inclined to intervene against it if it had strong popular backing. Officers with an Islamic outlook would be likely to dominate military attitudes and policies. [redacted]

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