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Arms Policy Toward India and Pakistan

The United States has informed the Governments of India and Pakistan that it has ended today its embargo on the export of military equipment to those countries and put into effect a policy under which we will consider requests for which we will arms exports for cash on a case-by-case basis. Our previous policy permitted only the export of non-lethal end-items and spares and ammunition for U.S.-provided equipment. In making this modification, we provided equipment. In making this modification, we are bringing U.S. policy into line with that followed by other major Western arms suppliers such as the British and French.

I should emphasize that this is a cash only policy; we are not planning to provide any equipment on a grant military assistance basis or on credit. In weighing any individual export requests, we will take into account a number of factors, including the high importance we attach to continued progressing the attach to continue and the outlook for regional peace and stability, the relationship between U.S. sales and stability, the relationship between U.S. sales and those of other external arms suppliers, and of course the relationship of the request to legitimate defense the relationship of the request to legitimate defense requirements and the level of armaments in the region.

Our overall policy toward south Asia remains exactly as Secretary Kissinger stated on his trip to the region last fall: We have no interest in upto the region last fall: We have no interest in upto the strategic balance in the subcontinent or setting the strategic balance in the subcontinent or resuming our pre-1965 role as a major arms supplier resuming our pre-1965 role as a ma

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PRESIDENT'S MEETING WITH INDIAN FOREIGN MINISTER CHAVAN

The President will meet with Indian Foreign Minister Chavan this afternoon at 4:00 p.m. Foreign Minister Chavan is in Washington to attend a meeting of the Indo-U.S. Joint Commission of which he and Secretary of State Kissinger are Co-Chairmen. This has afforded the opportunity for a meeting with the President for a general discussion of issues of mutual interest. Although I do not have an agenda for you at this time, we will post a read-out following the conclusion of the meeting.

BACKGROUND:

The Indians hope to gain a better U.S. understanding of Mrs. Ghandi's domestic policies. Chavan will want to discuss the state of emergency, possible Presidential travel to India, U.S. arms to Pakistan and possible economic assistance for India. The Indians cancelled the U.S.-Indian Joint Commission meeting last spring in reaction to our lifting of the South Asian Arms Embargo.

Since Mrs. Gandhi invoked the emergency provisions of the Indian Constitution June 26, she has been in complete control. Most important opposition leaders are in jail and the press is censored. Her call for discipline and greater efforts to get the economy going have so far struck a responsive chord among numerous segments of Indian society. Mrs. Gandhi seems set in power for the foreseeable future. Good summer rains and a sharp drop in inflation point to a much improved short-term economic outlook, but the longer-term prognosis remains poor.

- Q. Who asked for the meeting -- the Indians or us?
- A. It evolved mutually. The President saw the former Indian

 Foreign Minister (Swaran Singh) last year at about the same time.
- Q. Will the President also meet with a Pakistani official to balance the meeting with the Indian?
- A. I have nothing to give you on other meetings at this time.
- Q. Does this meeting represent an improvement in Indian-U.S. relationship or are the Indians coming to complain that the President has been critical -- in his public statements -- of the "demise" of democracy in India?
- A. This meeting should be viewed in the context of the existing relationship between Indian and the U.S., of which the Joint Commission is also an element. It reflects the process of normalization that was highlighted by Secretary Kissinger's visit to New Delhi last fall.
- Q. What are the President's views on the state of emergency in India and the suspension of citizen's rights? Will he take a tough line as he has in his public statements?
- A. The President has commented on this, and I have nothing to give you beyond that.
- Q. What has happened to the President's plan to visit India and Pakistan? When will he go?
- A. I have nothing to give you at this time on when a trip to South Asia might take place.

FYI:

Joint Commission

The Indo-U.S. Commission was established when the Secretary visited Delhi in October, 1974. While some modest work has been accomplished, the importance of the India Joint Commission lies in the fact that it provides a tangible sign of our mutual interest in trying to evolve a more productive long-term relationship.

INDIAN ATOMIC EXPLOSION

Background Information Only:

The US did supply heavy water to India under a 1956 contract for use in the reactor which eventually produced the plutonium used in India's 1974 explosion. Following the US supply under the 1956 contract India produced a substantially larger amount of heavy water in an Indian plant, so that the heavy water supplied by the US was not required for the production of the plutonium which India used in that explosion.

Regarding US assistance in the construction of India's reprocessing plant, India relied for the construction of this plant on technical information which was in the public domain since 1958, when the United States and a number of other nations declassified the technology of reprocessing. Indian scientists, like those of a number of other countries, received some unclassified training in this field and one United States firm was given a consulting contract by the Indian government on one specific feature of this plant. We understand that this con= tract was a small one that former officials in this firm do not regard as having been necessary to India's successful completion of this reprocessing facility. For those who view the widespread interest in the issue of nonproliferation and reprocessing, we believe it is important for the public to understand that despite the difficulty of building large scale economic reprocessing plants, the construction of small plants which do not have to meet strict economic and environmental standards, is now within the competence of a large number of industrialized and semi-industrialized countries.

If asked about this refer all questions to State.

INDIAN CRITICISM OF US

- Q. Does the President agree with Ambassador Saxbe's comments that Indian criticism is on the upswing and will cause Indo-US relations to drift further apart? Are we protesting to the Indians?
- A. We have seen the reports in question and we, too, have been concerned by the recent criticism of the US. Ambassador

 Saxbe will be making our views known in New Delhi. This kind of criticism does not seem to be in the spirit of the more mature relationship in which both sides have expressed interest.
 - Q. Don't the Indians have a valid point in criticising our arms decision?
 - A. As we have made clear in our many statements on this subject,

 we do not believe that the conclusion that our arms decision

 or two of an arms will upset South Asian stability is warranted. We still have

 received no formal requests from Pakistan for sales from the US.
 - Q. What is your reaction to Indian criticism of US policies in Indochina?
 - A. We would prefer that these differences be aired in private, rather than indulge in public recriminations which we do not find helpful.
 - Q. As press reports suggest, is the President's visit to India this year be cancelled?
 - A. As I have said before, no dates have been set for that visit. I have nothing further to add.

INDIAN CRITICISM OF THE UNITED STATES

- Q: Do you agree with Ambassador Saxbe's assessment that U.S.-Indo relations will drift apart if the Indians continue their current high level of criticism, particularly of our arms decision and U.S. reverses in Indochina? What are your views on their criticism and are we protesting in New Delhi? Will you cancel your visit to India this year?
- A: I will make the general observation that such public criticism is not conducive to the evolution of the more mature relationship with India which we hope to build. We are making our views known in New Delhi.

My acceptance of Prime Minister Gandhi's invitation to visit India, as well as Prime Minister Bhutto's invitation to visit Pakistan, is a matter of public record but no dates have been set. No initiative has been taken to cancel any visit to India.

FYI: Ambassador Saxbe has been authorized to bring our concerns about the recent wave of Indian criticism to the attention of Foreign Minister Chavan and to warn that if continued we will take other steps.

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