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SECRET/NODIS/XGDS

SOUTH ASIA

I. OCTOBER 1975 TALKS

Chinese Position in October 1975 (Teng):

- China has given Pakistan a bit in arms aid, but China is very backward. Pakistan needs more of what the U.S. can give.
- India has been very eager to improve relations with China. They want to exchange Ambassadors. They sent China a message through Bijedic; China replied asking Mme. Gandhi to improve her policies toward neighboring countries. It seems that the dissatisfaction among the Indian people about Soviet control of India has considerably mounted. China thinks inevitably the Indians are going to rebel against the Soviet Union. But we still have to wait to see the development of events.
- Because of China's strategic assessment, China did not understand the [weak] attitude of the U.S. When in 1971 the Soviet Union and India dismembered Pakistan.
- Because of its strategic assessment, when the U.S. was building its military base in Diego Garcia in the Indian Ocean, China did not criticize this.

U.S. Position in October 1975

- We are often asked by Pakistan about our attitudes. The Chief of the Pakistan Air Staff is coming to the U.S. at the end of November, and we will begin selling some anti-tank weapons and artillery to them then.
- The U.S. has also warned the Soviet Union against military pressure against Pakistan by themselves or their friends.

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NSC Memo, 5/20/76, State Dept. Guidelines; state review 9/18/03
By MM NARA, Date 6/22/10



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-2-

(U.S. Position in October 1975, continued)

- India is very eager to improve relations with us. Their Foreign Minister recently visited Washington. In the next five years we believe India may bring pressure on Bangladesh and Pakistan, and maybe attack them both. Our information is that they are seriously considering engineering a coup in Bangladesh or seriously considering engineering refugees to give them an excuse to bring pressure on Bangladesh.
- We assume the Indian desire to improve relations with the U.S. and the People's Republic of China reflects their public necessity. And the U.S. favors anything that lessens Soviet influence in India.
- In 1971, when India dismembered Pakistan, China's Ambassador in New York told Dr. Kissinger that China always fights as long as it has one rifle. Dr. Kissinger then told him we would move an aircraft carrier into the Bay of Bengal. On Sunday morning, when we were on the way to the Azores to meet Pompidou, we received a message that your Ambassador in New York wanted to see us; and we sent Gen. Haig to see him. We thought then that China might be taking some military action. President Nixon and I decided that even though we had no diplomatic relations, that if China moved and if the Soviet Union brought pressure on China, we would resist and assist China even though China had not asked us to. We did that not as a favor but out of our conviction of our own national interest.
- And we have said recently to the Prime Minister of Pakistan, when he asked us about it, that we would not be indifferent if the Soviet Union brought pressure on China because of the Indian situation. China has not asked us to do this, nor did we do this as a favor to China.

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By WA NARA, Date 6/22/10

SOUTH ASIA

I. NOVEMBER 1973 TALKS

Chinese Position in November 1973 (Mao + Chou)

- India did not win independence. If it did not attach itself to Britain, it attaches itself to the Soviet Union. And more than half its economy depends on the US. (Mao)
- The Soviet Union is always wanting to break through that knot. In South Asia it would be through India-Pakistan, and in the Middle East it would be Iraq. Their greatest ambitions are there and to link the chain.
- There is a need to exert pressure on India on the return of the 195 POW's, because it is too unreasonable. In Pakistan the national assembly has already passed a resolution giving the Prime Minister the authority to recognize Bangladesh at the proper time.
- Chou believes the rupee debt problem with India should be settled rather generously.
- The Indians broke off the Sino-Indian border negotiations in order to obtain that rupee settlement for buying grains from the US. Nehru could have signed something very abstract, and in principle, with the PRC, and not going into details; but instead, he refused to make any concessions and he refused to sign.
- The Soviets are also engaging themselves in Baluchistan agitation. The final intention of the Soviet Union is to get it all in the Soviet hand. Bhutto has an Afghan map showing a piece of Pakistan, a piece of Iran, and a piece of the Soviet Union.
- Bhutto wants to obtain weapons directly from the US. The US is spending such a huge amount in military expenditures in assisting other countries; couldn't it appropriate a portion of that to Pakistan?
- The PRC will be greatly in favor of the US assisting Pakistan and building a naval port in Pakistan. Of course that would take time but would be a significant step.
- China cannot help Pakistan much because Chinese arms are light-

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-2-

(Chinese Position in November 1973)

weight. The US has heavy arms.

- The US Congress is favorable toward India. Perhaps it is the national character of the Americans to be taken in by those who seem kind and mild. But the world is not so simple.
- In 1971, Che Guevara's influence was also found in Sri Lanka, where there were Guevarists and Trotskyites.
- Chou gave Neville Maxwell's book to Whitlam. The book was written in a fair manner because its conclusions are reached entirely from Indian documents. Whitlam originally was more favorable to Bangladesh and did not understand the PRC position. But later, after Chou explained the PRC position, Whitlam did not say anything more.

US Position in November 1973

- The US will be stationing more ships in the Indian Ocean from now on. Our difficulty before was the absence of a base in the area. But we have now developed Diego Garcia with the British. And we have discussed with Pakistan the building of a port. (to Mao)
- Of the leaders of the area that we know, the one who understands the Soviet danger best is the Shah of Iran. He is buying US military equipment to defend himself to be able to defend Pakistan. But he has a tactical problem, and he wanted to say that he was for peace in general. We think he made a mistake, but he is not really for an Asian security system. (to Mao)
- The Shah is very much interested in good relations with China, and we have recommended it very strongly. And he shares China's attitude and the US attitude about Pakistan and Afghanistan. (to Mao)
- There is a sentimental love affair between Western intellectuals and India based on a complete misreading of the Indian philosophy of life. Indian philosophy was not meant to have a practical application. Gandhi's non-violence was a revolutionary tactic, not an ethical principle. Given the character and diversity of the English people, it was the only way to conduct the struggle against the British. (to Mao)
- We have to build this southern axis through the Near East.

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- 3 -

(US Position in November 1973)

- India is making a major effort to improve its relations with us, and we assume also with the PRC.
- We obtained from India an assurance that the 195 POW's would not be turned over to Bangladesh. We would make it a matter of American Government policy if they broke this agreement. We are supporting Pakistan on the return of the 195. We have made this clear to India.
- US policy toward India is to see what we can do that they will have greater freedom of action from the Soviet Union. But basically we are moving very slowly.
- We are settling some economic issues with them now -- the rupee debt and matters of this kind. We could not take the rupees out of India and there is nothing to spend them on in India. Therefore we adopted what we thought a rather realistic program.
- We can't just erase the rupee debt. We have to do something creative with the debt because whether it is wiped off or not does not depend on us so completely any more.
- We have told the Soviet Union that if the Afghans spilled across their border this would be considered an international development which we would take very seriously. We have talked to the Shah. A Soviet military mission went to Afghanistan in the last few weeks and inspected the border with Pakistan. Daud is well known as having some pro-Soviet orientation, and many of the younger officers with him have no political experience and were trained in the Soviet Union.
- We are concerned with the Pushtunistan agitation.
- The Shah is very concerned. He is building up his defenses at a considerable rate and we are giving him more modern equipment. We are also working on the Shah on the problem of Iraq and the Gulf States.
- So far our help to Bhutto has been primarily in the economic field. We have not yet fully solved the problems of weapons for Pakistan. We had our Ambassador from Iran visit Pakistan to see what arrangements could be worked out. It is a difficult problem for us because of Congress. We have given Bhutto a little, but it is really not very meaningful. We agree with the necessity; our problem is to find the legal means of doing it.

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-4-

(US Position in November 1973)

- We have sent one of our aircraft carriers and an escort into the Persian Gulf to demonstrate our presence.
- We are prepared to do more with Turkey as soon as its governmental crisis is overcome. Turkey did not behave very strongly during the Middle East crisis; it permitted Soviet airplanes to fly over its territory.

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SOUTH ASIA

I. FEBRUARY TALKS 1973

Chinese Position in February (MAO + CIAOU)

- We should draw a horizontal line from US-Japan- Pakistan- Iran-Turkey-and Europe. (Mao)
- The US has not been paying enough attention to the area from the Persian Gulf to the Subcontinent. Others are reaping the harvest from the unfortunate policies of Britain.
- The Soviet Union already has its hand in the affairs of the Pakistanis. Soviet arms were found in the Iraqi Embassy in Pakistan and in the hands of the Baluchistanis.
- Mme. Gandhi and Mujib are both finding Soviet pressure becoming unbearable. China can't have more contacts with them than at present, because it would embarrass Pakistan. But both have sought to improve relations with China. The only thing China will do is raise its charge in India from a First Secretary to a Counselor. China will have to wait and see.
- The US could probably do more with Bangladesh. They need economic aid--food grains, which the Soviets and India can't give and which are closer to the people's needs. So long as US-BD relations are normal, it would be good for the US to do such things.
- The USSR seeks Chittagong for a naval presence in the Indian Ocean. Whether Mujib accepts this will depend on the international arena. The British have not been helpful on this.
- China has given Pakistan only ordinary army equipment and mainly light weapons; also some air force equipment, e. g., about 130 of a Chinese version of the MIG-19. China can't provide any naval equipment. So if the US can provide naval equipment as well as army and air equipment, it would be of good use.
- In the case of a Sino-Soviet war, there may be countries, coming from the southwest, that would like to fish in troubled waters.

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By NA NARA, Date 6/22/10

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-2-

(Chinese position, cont'd)

- What can you do about them when they still maintain that India is a nonaligned country?
- India is not a small country but nevertheless stoops to small tricks and intrigue. Small nations can do such things but some small nations would have more backbone than that.
- There are two countries, one to the north of India and one to the south, that dare to stand up and resist India--Bhutan and Sri Lanka.

U. S. Position in February

- The US has a very similar conception of the importance of Iran, Turkey, Pakistan and the Persian Gulf. We sent Helms there because he is reliable and understands the complex matters that are needed to be done. (to Mao)
- If China ever has information which suggests the US could do something useful, e. g. Baluchistan, they should let us know.
- The US is seeking to develop a new energy policy whereby we can stop financing Iraq and shift funds to, e. g., Iran.
- We have good relations with both Turkey and Iran, which are both in good condition now.
- The US faces a difficult Congressional situation on South Asia -- pro-Indian influences and pressures against military involvement -- both in Congress and in the bureaucracy. But we will release the blocked Pakistani arms.
- The US cannot give military assistance to Pakistan secretly, since it requires Congressional approval. But we will reestablish sending spare parts for existing equipment, release equipment already contracted for, and make a major effort through third countries. When Helms gets to Iran, we will seek to shift equipment from Iran to Pakistan.
- The Shah is a very far-sighted man. He understands the dangers.

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- 3 -

(U. S. Position, cont'd)

- We will make a maximum effort in the economic field to aid Pakistan. We gave \$200 million last year. We will increase this.
- There will be slow improvements in our relations with India. We want them to move away from the Soviet Union, genuinely, and not only pretend. We, like China, will have to wait and see.
- The US has \$30 million for food for Bangladesh, which we held up pending China's judgment.
- There is no question that the USSR wants a naval presence in the Indian Ocean.
- We will be more active in the Persian Gulf from now on. We will work with the Shah. We are studying the problem of naval deployment in that area, together with Britain. With nuclear carriers, the bases are not that important.
- Our naval strength is far superior to that of the Soviet Union, even though the Soviet Union is gaining. There is no comparison. The 1970 Jordanian crisis demonstrated this. But the Soviet fleet is effective to threaten other countries that do not have large navies.
- The Shah is also concerned about the Indian navy. India's new equipment comes from the Soviet Union or is built in India.
- Our relations with Sri Lanka are better, and we are prepared to go as far as Mrs. Bandaranaike is willing to go in improving our relations.

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SOUTH ASIA

II. JUNE TALKS 1972

PM Chou's Position

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EO. 13526 (re amended) SEC 3.3
NSC Memo, 2/20/72, State Dept. Guidelines, *studies*
By *MA* NARA, Date *6/22/10* *9/18/03*

- New Delhi is meddling in such areas as Nepal and Ceylon.
- India is putting out feelers for better relations. But until Pakistan is strong again, it will not be advantageous for the PRC to reopen contact with India.
- The PRC will maintain military aid to Islamabad, and could give more once the Vietnam war was over.
- PRC recognition of Bangladesh can take place -- at the earliest -- only after Indian troops withdraw from Bangladesh and Pakistani territory and after Pakistan itself recognizes Bangladesh.
- India is a highly suspicious country. Sometimes it puts on the airs of a big country but sometimes it has an inferiority complex.
- The PRC will continue to support the independence of West Pakistan.
- The Pakistanis are seeking China's advice on domestic and political affairs. But the Pakistanis have to be able to solve their problems by themselves; only then can they be tempered.

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HAK's Position

-- The independence and territorial integrity of West Pakistan must be supported against Indian pressures, absorbing India's energies in the Subcontinent so it couldn't expand into Southeast Asia.

-- The US would recognize Bangladesh so as not to leave the field free to Moscow and New Delhi.

-- The US would continue economic aid to Pakistan, but because of Congressional problems we look to the PRC for military aid. We are encouraging Iran, Turkey, Greece, Jordan, and also France to the same end.

-- The US acted as it did in the South Asia crisis in order to deter the Soviet Union.

-- India is pursuing an aggressive foreign policy and is becoming, to some extent, whatever its intentions, an extension of Soviet foreign policy.

-- Indian interests extend as well to Southeast Asia.

-- In the long run, Bangladesh will be a cancer for India.

If things go badly it will absorb India's energies; if things go well it will be a magnet for West Bengal.

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SOUTH ASIA

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NSC Memo, 3/30/06, State Dept. Guidelines; *state rev. 2/5*
By 451 NARA, Date 6/22/10 7/18/03

I. February Talks 1972

Prime Minister Chou's Position

-- PRC wants total withdrawal of Indian troops from Bangladesh, and ceasefire and mutual withdrawal in the west. U.S. recognition after this takes place would raise U.S. prestige and put U.S. in better position.

-- Even if Subcontinent were one country, there would still be turmoil there because of complicated nationality problems.

-- Yahya didn't show much statesmanship in leading his country, but when a man makes contribution to world (serving as bridge) we should remember him.

-- PRC aided Pakistan with arms but no military personnel.

-- Foreign troops invading a country is different from people rising up to change a government. This is a very important principle.

-- PRC will probably recognize Bangladesh later on, perhaps last.

Key is Indian troop withdrawal from both East and West Pakistan, Kashmir issue, and views of Islamic countries. Not in PRC interest to refuse to have any contact with so large an area.

-- PRC will appreciate advance word of U.S. recognition.

-- PRC wants to improve relations with India too.

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The President's Position

-- U.S. is considering recognizing Bangladesh once Indian troops are removed. Bhutto does not object. U.S. is pressing for Indian withdrawal and will keep PRC informed on timing of recognition.

-- U.S. will help West Pakistan because of our philosophy that no nation should dominate. Military aid will be problem because of U.S. popular and Congressional opinion.

-- U.S. will move in very measured way on economic aid to India, waiting to see what India does on border problem and U.S. -Indian relations generally.

-- India has enough trouble digesting West Bengal and will get massive indigestion trying now to digest East Bengal.

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ISSUES PAPER



DEPARTMENT OF STATE

BRIEFING PAPER

SOUTH ASIAThe Problem

There are no significant near-term policy differences between the US and the PRC regarding South Asia, although we do not share China's deep hostility towards India. We both have close ties to Pakistan, and both try to strengthen Pakistan's security. We both wish to ensure that India's position of regional primacy does not turn toward regional hegemony. And we both are concerned by India's relationship with the Soviet Union.

Since the area is important to both the US and the PRC, it should be covered briefly in your discussions with the Chinese. Also, the Pakistanis are concerned about their security (Prime Minister Bhutto has written to you about this) and they will expect their big-power friends, the PRC and the US, to discuss those concerns.

Your primary objectives should be: to reinforce our mutuality of interests in the area, including resistance to any increase in Soviet influence; to elicit Chinese views regarding what our two countries can do to reassure and strengthen Pakistan; and to convey our concern for regional stability, including normalization of Indo-Pakistani relations.

Background

The situation in South Asia is more unsettled than at any time since 1971.

-- Mrs. Gandhi's constitutional coup of last June has raised major questions as to the directions in which India will go. (Pakistani fears that India plans to attack Pakistan have been heightened by concern that Mrs. Gandhi might embark on a foreign "adventure" to strengthen her domestic position. We have seen no evidence to support this, however.)

-- The Simla Process of reconciliation between India and Pakistan is at a standstill with few prospects for forward motion.

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E.O. 12812 (1/18/76) SEC 3.3

State Dept. Guidelines: *State v. ew 9/18/03*

By *llh* NARA, Date *6/22/10*

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- 2 -

-- The succession of coups in Bangladesh has plunged that country into chaos and raised the real possibility of Indian intervention. (India showed in 1971 that it was not willing to tolerate instability in this critical region.)

-- Relations between Pakistan and Afghanistan, strained ever since Daoud's return to power, have deteriorated further, following a series of uprisings in July which the Afghans believe were supported by Pakistan.

-- Bhutto's own domestic political position has come under considerable pressure in the past several months, not only from parties based in the tribal areas (where Afghanistan is involved) but also in the Punjab heartland where important elements of his ruling party have split off.

Although all of these problems are containable, they raise serious concern on the part of the Pakistanis, Chinese and ourselves about the future shape of the subcontinent. You will probably want to discuss the following three issues in light of our previous exchanges on the subject and Pakistan's attempts to engage both of its great-power friends on its behalf.

Pakistan's Security. Bhutto has repeatedly set forth his concern (most recently in letters to you on June 13 and August 17) that the Soviet Union, acting through India and Afghanistan was putting increasing pressure on his country. Pakistani Foreign Minister Aziz Ahmed told the Secretary in May that Pakistan has asked the Chinese what they would do if Pakistan were attacked by India acting with Soviet support. The Chinese response, as described to the Secretary by Aziz Ahmed on September 30 in New York, was positive and reflected Peking's close ties to Islamabad, but fell short of giving concrete assurances.

The Secretary has indicated to the Pakistanis that we would discuss with the Chinese our mutual concern for Pakistan's security. Such a discussion would not only be welcomed by the Chinese but would

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- 3 -

also form the basis of a letter to Bhutto which would be very helpful in reassuring him that we take Pakistan's security concerns seriously.


Bangladesh. Following the overthrow of Sheikh Mujib last August 15, both Pakistan and China established diplomatic relations with Bangladesh, though neither has yet set up a diplomatic mission in Dacca. The death of Mujib alarmed the Indians, and Delhi probably considered intervention when a counter-coup staged on November 3 failed and a military-dominated government was established in Dacca amid strong anti-Indian popular demonstrations. For the time being, Delhi has adopted a wait-and-see attitude hoping that the situation will stabilize. The Indians appear to recognize the enormous problems military intervention would create for them, but they have also made it clear that they will intervene in certain circumstances, especially if internal disorder provokes an outflow of Hindu refugees. India would also be alarmed if Bangladesh appeared to draw close to China.

Sino-Indian Relations. We see little prospect of an improvement in Sino-Indian relations in the near term. Neither side is likely to take any initiative under present circumstances, especially after the recent border clash in which four Indian soldiers were killed. (Each country blames the other, but both seem prepared to view it as an isolated incident rather than as a portent of intensified military activity. It is unclear why the incident occurred after nearly a decade of calm along the border.) The Indians, with whom we are attempting to develop better relations, would be extremely sensitive to any public statements touching on the Subcontinent, and the Indian Government has specifically made representations against including any reference to the disputed territory of Jammu and Kashmir in any statements resulting from your visit. (The Chinese made a unilateral reference to it in the Shanghai Communique.)

Chinese Position

In South Asia the US, USSR and China are directly and actively involved. The Chinese therefore view our actions in that region as a test case of how the

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- 4 -

triangular relationship can be manipulated to their advantage. They have pinned their hopes on Pakistan as a counter to the strong Soviet position in India and expect us to work in parallel with them. Beyond this, they are hostile to India as such and would like to see a polarized situation develop in which we are aligned with them and Pakistan against the Indians and Soviets. Pakistan of course shares their objectives.

Pakistan's Security. During Secretary Kissinger's visit to Peking, there was a brief discussion of South Asia with Vice Premier Teng. The Chinese noted that they were providing some military assistance to Pakistan, but said that the US was better able to provide the type of military items Pakistan needs. They would like to see us follow up on last February's lifting of the arms embargo by making major sales and providing credits to Pakistan.

Sino-Pakistani fears about Indian intentions and Soviet machinations are mutually reinforcing, though Chinese readiness and ability to support Pakistan in the event of hostilities remain limited. Peking recognizes its limitations, and considers USG political, economic and military support for Pakistan as complementary to its own efforts and essential to limiting the further spread of Soviet influence. The Chinese would join us in a general expression of concern for Pakistani security, but would not provide the sort of specific or binding guarantees which the Pakistanis seek.

Sino-India Relations and Bangladesh. During the Secretary's visit the Chinese indicated that they are in no hurry to improve relations with India and predicted that the time will come when the Indians will "rebel" against the Soviet Union. They made no substantive comments on Bangladesh. However, they would expect us to take a very stern line with the Indians should Delhi intervene in Bangladesh, and they probably view Bangladesh primarily in terms of its anti-Indian potential.

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- 5 -

US Position

Our policy towards the subcontinent is designed to promote stability and develop an atmosphere in which we can have useful relationships with all of the regional states. Although we are in competition with the Soviets, we wish to avoid polarization in the region. We accept India's leading role as long as India does not become a tool of the Soviet Union and does not undermine the independence of its neighbors. Our traditional ties to Pakistan, reinforced by our desire to demonstrate to the Chinese and others that we are a reliable friend, lend particular urgency to our support for Pakistan's well being and independence.

Pakistan's Security. You have assured Prime Minister Bhutto that our efforts to lessen tensions among the major powers will in no way reduce the resolve of the United States to oppose attempts to undermine the security of friends and allies in any part of the world, including South Asia. The US considers the integrity of Pakistan indispensable to regional stability and important to our own interests in Asia and the Middle East. However, we still see a resolution of Indo-Pakistani differences as the best guarantee of Pakistan's security and of regional stability.

We have taken positive steps to help Pakistan through the lifting of the arms embargo and by our continuing high levels of economic assistance. In the months ahead, we expect to reach agreements on deliveries of equipment to meet many of Pakistan's priority defense needs, including TOW anti-tank missiles, air-to-air missiles and the components of an air defense system. We have not at this time authorized the sale of combat aircraft because of our desire to avoid stimulating an arms race on the subcontinent as well as to avoid arousing Congressional opposition to our sales of less controversial equipment.

Under current guidelines, we cannot provide credits to Pakistan for arms sales, though our economic assistance, which remains at a high level, has the effect of freeing some foreign exchange for arms purchases. We

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- 6 -

have, however, urged the Iranians and the Saudis to provide Pakistan with financial assistance for the purchase of arms.

We know that the Chinese share our concern for Pakistan's national security and we would welcome Chinese views on this matter.

India. The US interest in better relations with India reflects a desire to offset Soviet influence. However, this will not be at the expense of our friendship for Pakistan. Given Indian attitudes, we do not anticipate a dramatic change in our ties. We have used our influence in both New Delhi and Islamabad to encourage a normalization of relations which we think contributes to Pakistan's long-range security.

Bangladesh. During the recent disturbances in Bangladesh, we weighed in with the Indian Government to urge restraint. At the same time we have encouraged the Bangladesh Government to reassure the Indians directly that they intend to maintain good relations with India. We do not believe that hostility towards India is a feasible policy for Bangladesh. We will continue to provide generous amounts of economic and food aid to Bangladesh, which we hope will contribute to the strengthening of its economy and of its independence as a state. However, recent events illustrate the basic instability in Bangladesh, which is something the government and people of Bangladesh will have to solve over time.

We would be interested in China's assessment of the situation in Bangladesh.

Department of State
November 1975

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PERSIAN GULF



ISSUES PAPER



DEPARTMENT OF STATE

BRIEFING PAPER

THE PERSIAN GULFThe Problem

With the exception of OPEC's oil policy, we have no basic disagreement with the PRC regarding the Persian Gulf area. Thus the subject need not be discussed at length. We want the Chinese to recognize that a strong US position in the Gulf serves their interests as well as our own, that US policies and actions are proving effective in reducing Soviet influence in the region, and that Peking should avoid actions or rhetoric that complicate our ability to attain our objectives.

Background

Chinese policies and actions in the Persian Gulf remain a function of their overriding national concern to thwart the expansion of Soviet influence. Chairman Mao has acknowledged the strategic importance of the Gulf, but the Chinese have few direct immediate interests there. Their trade with Persian Gulf states is minimal, and the pro-Chinese wings of the various Communist movements are weak. The Chinese pragmatically recognize that at this time their influence and power--military, economic, or political--do not permit them to have a major impact on the course of events.

Because of Peking's limited interests in the Gulf, Chinese policies there are peculiarly subject to the pulls and tugs of the often conflicting considerations that motivate Peking's actions. The Gulf's energy resources make it a critically important part of the third world, which is a major target for Chinese policies. At the same time, the conservative regimes there, who provide the strongest barrier to Soviet inroads, have little in common with Peking's ideological posturings. In addition, as the dividing line between the Arab west and the non-Arab east, the Gulf is the locus of centuries-old rivalries that interplay with more immediate concerns such as the Arab-Israeli dispute.

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State Dept Guidelines; state review 9/16/03

By WJ NARA, Date 6/22/10

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- 2 -

To the best of our knowledge, the Chinese have not attempted to interfere in the question of the continuation of COMIDEASTFOR at Bahrain. They have continued to develop cordial ties with Iran, which they realistically view as the predominant regional power. They have maintained a hands-off policy with respect to the Dhofar rebels (a condition for good relations with Iran) and have been carrying out a modest and low key, but effective, aid program in North Yemen in direct competition with the Soviets. The Chinese have vocally supported the various OPEC price increases--an action we consider unhelpful. Conceivably they might tone down their rhetoric if it could be convincingly shown that these prices are causing sufficient hardship to Europe and Japan to weaken resistance to Soviet pressures.

The Gulf area has been remarkably stable in the last year. Iranian and Saudi relations are improving, and Oman is making slow and limited progress against the rebels. The Kuwait economy is booming and its border problem with Iraq is currently quiescent. Iraq is providing major business opportunities for US and European firms--to the annoyance of the Soviets--but in political and military fields the Iraqi Government remains very close to the Soviets. The Saudis, Egyptians and others are attempting to draw the People's Democratic Republic of Yemen out of the Soviet camp, and we are encouraging this effort.

The United States has taken a number of initiatives in recognition of the increased importance of the Gulf to our interests. We have increased the size of our diplomatic missions in the area and now have representation at the ambassadorial level with all of the Gulf states. Our long-standing military assistance relationship with Iran has blossomed into a major military sales and advisory program. We have also agreed to assist Saudi Arabia in the modernization of its armed forces and have a modest program with Kuwait.

Our relations with Iran are extremely close, as they have been for some time. Our relations with Saudi Arabia have weathered the coolness that entered with the

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- 3 -

October War and the oil embargo; we now have much deeper relations than ever before, with the Saudis looking for close US involvement in their economic development plans. Relations with the other Arab countries have not evolved as swiftly as with Saudi Arabia, but there are no major problems.

Chinese Position

We doubt the Chinese will want to discuss this area at any length. Peking approves of our own activities in the Gulf which have the clear effect of reducing Soviet influence, and it has adopted an understanding attitude toward the US presence at Diego Garcia. On the other hand, the Chinese have supported OPEC's oil policies, and believe that the US has adopted too much of a confrontation policy towards the oil-producing countries.

US Position

We agree with Chairman Mao's view that the Persian Gulf is strategically important. Its geographic location is crucial, with two-thirds of the oil in international trade transiting the Gulf. This oil is vital to Europe and Japan and important to our own economy. As we have seen, what happens in this area can have serious consequences for the global economy. The complex of nations around the Gulf constitutes a new center of influence on the rest of the world.

The United States has made major efforts over the past two years to strengthen our ties with the countries of the region. We have made significant progress in expanding our influence and reducing that of the Soviet Union. We believe that our activities in the Gulf provide an excellent example of our continuing effectiveness in curbing Soviet influence in various parts of the world.

Our relations with Iran are fundamentally excellent, although we differ strongly on oil prices. Europe and Japan have been hurt badly by the OPEC pricing policy, and this in the long term affects negatively the overall security of Iran and the Gulf countries. It is also creating serious problems for many developing countries.

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- 4 -

We hope to move to a constructive dialogue between the major oil consuming countries and the oil producers.

US arms sales to the regional countries have grown substantially in recent years and are in keeping with our efforts to meet the defense needs of the countries involved. US willingness to meet such needs reduces Soviet opportunities for penetration into the areas through arms sales, just as our naval presence in the Gulf and at Diego Garcia enhances our ability to counter the Soviet naval threat.

Department of State
November 1975

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SOUTH ASIA

