TO: The Secretary of State
The Secretary of Defense
The Director of Central Intelligence

SUBJECT: US Military Supply Policy to Pakistan and India

As reflected in the public announcement of February 24, 1975, I have decided to lift the embargo on US sales of lethal military equipment to Pakistan and India. The US Government, subject to the guidelines below, should in the future be as responsive as possible to requests for the sale of defense articles and services which will meet the legitimate security needs for modern and effective forces in Pakistan and India.

Sales will be subject to the following guidelines:

-- Sales of US military equipment to Pakistan and India will be on a cash basis only. There will be no grant military assistance or FMS credits for the purchase of military equipment by either Pakistan or India.

-- All sales of military equipment will be reviewed on a case by case basis.

-- All sales will be consistent with the overall US policy in South Asia to encourage the process of normalization and reconciliation between Pakistan and India. Sales should not stimulate an arms race in that region or restore the pre-1965 situation in which the US was a major regional arms supplier.

-- At least in the initial stages, the emphasis should be on weapons and equipment which clearly enhance defensive capabilities.
These guidelines as set forth above should also apply to any requests for the transfer of US-controlled military equipment from third countries to Pakistan or India.

In order to assist in the implementation of this decision in the initial stages, the Secretary of State, in coordination with the Secretary of Defense and the National Security Council staff, shall be responsible for ensuring that each request received under this policy is reviewed and decided upon in accordance with the above guidelines and in full compliance with legal and congressional requirements. Requests with potential for major political or military impact should be referred to me for consideration.

The Secretary of Defense and the Director of Central Intelligence shall be responsible for monitoring arms shipments to Pakistan and India from all sources on a continuing basis. A report summarizing such shipments and providing an assessment of the prospective military capabilities, including nuclear capability as appropriate, should be prepared for my attention semi-annually on June 30 and December 30 of each year.

cc: Chairman, Joint Chiefs of Staff