



Foreign and Commonwealth Office

London SW1A 2AH

21 September 1981

*p/w briefs
cc. Mr Whitmore
- self*

Dear Michael,

Visit by the Prime Minister to Pakistan

One important issue which could arise during the Prime Minister's visit to Pakistan on 8 October is that of arms sales. It has been necessary to delay the brief on this subject because of recent developments which are described below. The Foreign and Commonwealth Secretary believes that the Prime Minister will wish to have separate advice on this subject. If Mrs Thatcher is content with Lord Carrington's advice in this letter, a brief will be prepared accordingly.

The Pakistan government were pleased by the Prime Minister's statements, during her visit to India, about Pakistan's right to acquire them for its defence. It is therefore prudent to assume that President Zia will raise the issue and may seek to give it some prominence in public presentation of the visit. With this in mind officials earlier prepared a list of equipment which the United Kingdom would be willing to sell to Pakistan, with the thought that the Prime Minister might give this to Zia on a confidential basis as a demonstration of our support for Pakistan.

Given that, one way or another, the existence of any list, or the fact that the Prime Minister had discussed arms supplies with Zia, are likely to become publicly known, we have had much in mind the possible impact on our relations with India. Indo/Pakistani relations have deteriorated in recent months. The Indians have expressed serious concern about the implications for stability in the area of the lengthy negotiations, which have just been concluded, between Pakistan and the United States, on a major aid and arms package, including the sale of F-16 aircraft. They are also concerned that Pakistan's nuclear programme is likely to develop to the point (not before late 1982 by our assessment, though the Indians may be more pessimistic) where Pakistan has the capability to test a nuclear device. Given the current Indian mood about Pakistan, we believe that the risk of our interests in India being adversely affected by arms sales discussions with Pakistan has to be taken seriously.

In particular, as you know, the latest indications are that the Indian Government may take a decision soon on the very valuable coastal steel plant contract and that they may well award it to the Davy-led consortium. Although we have had such predictions before, and may still have to live with the uncertainty

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for some time, it would clearly be foolish to prejudice our prospects by allowing the Indians to think that we are engaged in negotiating with the Pakistanis a major arms package containing controversial equipment, particularly since there has long been considerable doubt whether Pakistan has the funds to purchase significant equipment from us.

A recent development has made the problem somewhat easier. On 14 September the Pakistani Vice-Chief of the General Staff gave us the list of equipment in the annex to this letter which he said they would like to purchase from the UK. He said that Zia might raise the list with the Prime Minister during her visit. But he sought our initial reactions since he did not wish to include items which HMG might subsequently refuse to supply.

The items in the list are nearly all uncontroversial. With one exception we have been discussing them with the Pakistanis for some time. They do not involve new technology nor do we think the Indian Government could regard them as provocative. The exception is the final item - electronic warfare equipment. More specific information will be needed from the Pakistanis before we and the MOD can evaluate whether there are political or security objections to supply.

It is not certain that Zia will hand the Prime Minister this list. He has had a good deal of difficulty with the Indians over the American negotiations referred to above and may not want to start fresh controversy so soon. (The items on the list are of course very small beer compared with the US package, but in the present climate in the sub-continent that is not necessarily how they would be regarded by eg the Indian press.) Furthermore, there can in any case be no certainty that any list he hands over will correspond exactly to the one we already have, which seems to represent entirely a Pakistan army bid and does not include any of the naval or airforce equipment which we have been discussing with Pakistan.

In the light of all these factors Lord Carrington advises that if Zia gives the Prime Minister a list, Mrs Thatcher should say that we remain prepared to sell Pakistan arms, that we shall examine the list rapidly and that a reply will be given quickly. We believe that it would be unwise to go further, both because we shall need to analyse carefully the type and quantity of equipment requested (the present list is defective on both counts) and because it will be best to take stock of our relations with India again before giving a firm commitment to sell to Pakistan. If this is agreed, the Embassy in Islamabad will be instructed to tell the Pakistan VCGS that we would expect the Prime Minister to react favourably in principle to a list on the lines of that in the annex and that, subject to further discussion of details, none of the items appear to present difficulty.

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There remains the question of whether we should say anything to the Indians in advance, to contain any unfavourable reaction on their part. Lord Carrington advises that the Prime Minister should take the opportunity of her meeting with Mrs Gandhi in Melbourne to explain that she will be visiting Pakistan briefly on 8 October, principally to discuss the Afghanistan situation, that we think it possible that the question of arms supplies will arise, that it is not true (as the India press have suggested) that she will be taking a list of arms that we are prepared to sell and that from what we know of Pakistan's intentions it is most unlikely that they will seek from us any equipment of a controversial nature. We are in any case fully prepared to sell to India equipment of the same kind - and a good deal more, as is clear from current discussions with them in this field (a supplementary brief for Melbourne will spell out the latter point).

Yours ever,

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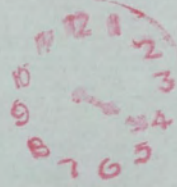


ANNEX

- (a) Cymbeline Mortar Locating Radar
- (b) 105mm Light Gun
- (c) Blowpipe
- (d) (Vickers T-59 Tank Improvement Package
- (e) Class-60 Tank Access Trackway
- (f) Class-30 Assault Trackway
- (g) Combat Engineer Tractor
- (h) Medium Girder Bridge
- (j) Electronic warfare counter measures package to include HF and VHF search and surveillance receivers, HF and VHF DF stations, HF and VHF jammers and an EW collection, analysis and control system.



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