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DRAFT:RGallucci:1/22/75

*Pakistan*

Pakistan and the Non-Proliferation Issue

Pakistan is at the beginning of its nuclear development. There is 125 MW heavy water reactor near Karachi that was built with Canadian assistance and has been operating since 1972. Pakistan also has a small uranium extraction plant, a pilot reprocessing plant, a fuel element fabrication facility under construction, and a nuclear research center -- the last located at Lahore. Small, low grade despoits of uranium are to be found in the country as well. Pakistan's nuclear industry is not particularly worrisome now, but its potential for expansion and the intensions of the Pakistani government once it achieves a significant capacity are cause for concern.

Several more power reactors are planned, including a 600 MW reactor at Kundian. Of more immediate importance are current negotiations with the Belgians for a heavy water facility and with the Canadians for a fuel fabrication plant, and a contract with the French for a chemical separation plant. These facilities, together with the heavy water reactor, will give Pakistan a virtually independent

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nuclear fuel cycle and the opportunity to separate a sufficient amount of plutonium to build a nuclear weapon. Assuming nationally produced plutonium is not supplemented by direct purchase of the material from other sources, the earliest the Pakistanies are likely to be able to produce a weapon would be 1980. They have not signed the NPT and though they have signed, they have not ratified, the LTBT. Given their treaty status, their determination to purchase critical nuclear facilities, and their near declaratory policy of acquisition following the Indian detonation, they may well have already decided to produce a weapon, and they have clearly decided to have the capability to build one.

There are some obstacles in Pakistan's path to nuclear weapon status. The expectation, at least, is that both the planned fuel fabrication facility and the chemical separation plant will be under some safeguards arrangements. The Canadian HWR is now covered by IAEA safeguards, and though the agreement expires within two years, Canada is likely to try and re-negotiate an agreement with even more restrictive terms. If the various safeguards agreements are supported by the U.S. and other supplier states, and Pakistan is unwilling to abrogate and unable to circumvent them, it may be left with only external sources for the supply of critical

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material. Although Arab financing may be available it is not clear from whom purchase of nuclear material could be made. The Chinese are perhaps the most likely candidates, but they have become more sophisticated and sensitive to the dangers of proliferation, and they would also be reluctant to provoke the Soviet Union with such assistance to Pakistan.

Because of the Indian Explosion, the Pakistanies have a solid incentive to produce a bomb and they can also do so with less world condemnation than might otherwise be expected. If an explosion is perceived as a source of political cohesion, current disintegrative tendencies within Pakistan may be seen as more reason to acquire the status of a nuclear weapon state. In sum the Pakistanies appear quite prepared to proceed to a weapons capability, but they may encounter difficulties if political barriers are sustained.

## Bhutto Questions:

1. Bhutto may inquire about the U.S. position on Pakistan's recent proposal for a nuclear free zone in South Asia. The U.S. position has been to support the concept of NFZs, provided that they are consistent with our criteria set down in the past at the UN and the CCD. In particular we have said that a GANFZ could not be successful

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if important potential parties to an agreement differed over its goals and conditions, and if an adequate community of interests was not established among them before a specific proposal was put forth. India has clearly expressed its opposition to the Pakistani proposal and since Indian participation is essential, the necessary prior conditions do not yet exist. We may add that the Pakistani proposal presents two further difficulties: it requires that nuclear weapon states undertake not to use or threaten to use nuclear weapons against parties to the treaty, but it does not indicate that such undertakings would have to be the result of further negotiations; it includes the implicit assumption that parties would have the right to develop an indigenous PNE capability. The U.S. has found these provisions unacceptable.

If it is possible in the course of this discussion we may suggest to Bhutto that it would be in the interest of both countries if Pakistan and India were to cooperate in the nuclear field. They could conceivably discuss a workable SANFZ, or Indian restraint with respect to future PNEs and the development of thermonuclear capability, or perhaps an exchange of observers to reduce mutual mistrust. There is some evidence that India might entertain at least the last - if only to prevent Pakistan from following the Indian

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example.

2. Bhutto may again suggest that Pakistan's decision of whether or not to acquire nuclear weapons is related to U.S. willingness to supply them with the necessary conventional weapons for their security.

We should probably resist the connection of the two issues as suggested by Bhutto, indicating that U.S. policy on the supply of conventional weapons is dependent on a quite different set of well established criteria. We might also take the opportunity to turn the leverage about and say that although the issues are not specifically linked we would expect that if Pakistan behaves as though it is seeking a nuclear weapons capability, U.S. policy is likely to be sensitive to such an important and unfortunate turn of events.

If the discussion permits, we might use the occasion to express particular concern over the international transfer of critical segments of the fuel cycle (ie. chemical separation plants); we may state the U.S. position that the safest and most economically sound arrangement for these facilities is as multinational enterprises involving more than one country and serving several reactors; and we may re-emphasize the seriousness with which we view safeguards agreements and our expectation that they will be included in any international transfers of nuclear material or facilities.

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