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THE WHITE HOUSE

WASHINGTON

March 16, 1993

PRESIDENTIAL REVIEW DIRECTIVE/NSC-22

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE SECRETARY OF COMMERCE
THE SECRETARY OF ENERGY
THE DIRECTOR OF CENTRAL INTELLIGENCE
THE CHAIRMAN, JOINT CHIEFS OF STAFF
DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET
ASSISTANT TO THE PRESIDENT FOR ECONOMIC POLICY

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SUBJECT: U.S. Policy Toward South Asia (S)

The U.S. has important political, economic and strategic interests at stake in South Asia -- home to nearly one-fourth of mankind. As part of the Administration's review of key foreign policy issues, we plan to begin a thorough review of policy toward South Asia. This review should seek to provide a framework for a comprehensive and coherent policy toward India, Pakistan, Afghanistan, Bangladesh, Sri Lanka, Nepal, Bhutan and the Maldives. (S)

In preparation for a Deputies Committee meeting and a possible Principals Committee meeting, a policy paper should be provided by March 31, 1993, that addresses the best current information and assessments on the questions listed in Part I, below, and an assessment of what would be required to implement the possible actions listed in Part II, including an initial analysis of the advantages and disadvantages of doing so. No presumptions should be made about limitations on policy. Possible conflicts among different policy options should of course be part of the analysis. (S)

BACKGROUND

Among numerous American interests in the area, a few stand out: South Asia contains the most populous democracies in the world. India, Pakistan, Bangladesh, Nepal and Sri Lanka are all struggling to strengthen their democratic institutions. The countries of the subcontinent have turned toward market-oriented economic reform in recent years and sought to open their markets to greater outside investment. We have an interest in promoting these trends. (S)

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President Clinton has publicly emphasized his concern about global efforts to develop and acquire weapons of mass destruction and the means to deliver them. Nuclear proliferation has already occurred in South Asia; both India and Pakistan have nuclear weapons. The risk of a nuclear conflict is perhaps greater in the subcontinent than anywhere else in the world given the relatively advanced weapons programs and unresolved Indo-Pakistani differences over Kashmir and other issues. Since 1990 the U.S. has suspended most aid to Pakistan under Congressional stricture (the Pressler Amendment) due to Pakistan's development of nuclear weapons. The rise of Hindu fundamentalism in India threatens to further polarize the subcontinent's politics and could increase the threat of war. (S)

The U.S. has other major interests in the subcontinent as well. Among these are seeking solutions to the conflicts in Afghanistan and Sri Lanka; improving the human rights performance of all the governments in the area; reducing the narcotics trade; and assisting in the resolution of the many refugee crises in the region. (S)

PART I: ASSESSMENT OF THE SITUATION

1. What fundamental U.S. interests are at stake with respect to South Asia? (S)
2. What are U.S. security interests in the region? What is the status of U.S. military cooperation with each country? (S)
3. What are the status and viability of the current governments in India and Pakistan and their hold on power? How threatening is the ethnic and religious unrest in both? What is the prognosis for Hindu fundamentalism in India and Islamic fundamentalism in Pakistan and their implications for U.S. interests? (S)
4. What is the status of and prognosis for India's development, acquisition, and production of weapons of mass destruction, its ballistic missile force and other delivery systems? For Pakistan's? Who are the key sources of support for these programs? (S)
5. What is the status of India's and Pakistan's conventional military capabilities and defense industrial base? Is the balance of power stable? (S)
6. What is the extent of Pakistan's support for terrorism and covert activity in India? What is the extent of India's support for terrorism and covert activity in Pakistan? (S)
7. What are the prospects for a settlement of the Kashmir dispute? Is the conflict "ripe" for outside mediation? (S)
8. What is the outlook for the conflict in Afghanistan? For the spread of unrest from Afghanistan to Central Asia? (S)

9. What is the outlook for the conflict in Sri Lanka? (S)
10. What are the prospects for democratic regimes surviving and flourishing in the subcontinent? (S)
11. What is the status of economic reform, particularly market oriented reforms, in South Asia, particularly India and Pakistan? Will the reform effort now underway in South Asia be sustained over the medium term? What are prospects for avoiding financial crises? Will South Asian countries open their economies further? Will they become more supportive of market opening strategies in international fora such as the GATT? In light of recent economic reforms, have U.S. commercial opportunities in the region expanded? What are other industrial countries (e.g., Japan) doing in the region economically? Will the region be able to compete with the fast growing Pacific Rim countries? Should the U.S. Government do more to promote expanded trade and investment with South Asia? (S)
12. What is the status of other U.S. concerns in the region, such as narcotics, population growth, refugees, AIDS, and the environment? (S)

In addressing these questions, we should note where there are significant intelligence gaps in our information. (S)

PART II: POSSIBLE ACTIONS

The U.S. traditionally has not made South Asia a high priority. The first issue that needs to be addressed in reviewing policy is what level of priority and thus resource allocation South Asia should receive? For example, should we send cabinet level officials to the sub-continent or relegate it to relatively junior officials (as in the past several years)? Is a more active and high profile policy appropriate? (S)

A second fundamental policy question is whether the U.S. should pursue a balanced approach to the two largest South Asian states, India and Pakistan, or should it pursue a deliberate tilt to one or the other. The previous administration began office in 1989 with NSD 20 which advocated a tilt to Pakistan. Some now urge a tilt to India. We need to address the broad strategic options of:

- a balanced approach to India and Pakistan on key war and peace issues, or,
- an approach that emphasizes better relations with one or the other state. (S)

Within this broad context, we need to review the following: (S)

1. How best can the U.S. inhibit the development and use of weapons of mass destruction and the ballistic missiles and other systems with which to deliver WMD in South Asia? Should we continue our consultations with Russia, China, Pakistan and India to arrange a five power conference to discuss proliferation in the region? What new steps would bring improved results in these consultations? Should we pursue an alternative formula for addressing the South Asia proliferation issue? Should we seek changes in the Pressler Amendment or in how it is applied? What should U.S. policy be toward export of dual use strategic technology? How should we seek Indian and Pakistani support for the NPT? (S)
2. What should be our basic policy toward India in light of the rise of Hindu fundamentalism? How can we best achieve our national goals given the trends in Indian politics? (S)
3. How best can the U.S. discourage Pakistani and/or Indian support for terrorism and active sponsoring of extremist organizations? What are the broad options available to alter Pakistani and Indian behavior in these areas? (S)
4. What role should the U.S. take in the Kashmir dispute? Is there a solution to the Kashmir dispute that best serves our interests? How can we assist in preventing Kashmir and other disputes from precipitating another Indo-Pak war? (S)
5. What can the U.S. government do to promote economic reform, improved market access and increased trade with South Asia? How can the USG best organize itself to assist these efforts? (S)
6. What steps should the U.S. take to assist democratic development and human rights in South Asia, especially in light of ethnic and religious conflicts in Sri Lanka, Kashmir, Punjab, Assam, etc? (S)
7. Should the U.S. assume a greater role in helping to resolve the Afghan conflict? How best can the Afghan conflict and the weapons arsenal in Afghanistan be contained if conflict resolution is unlikely? How can we secure our broader interests in Afghanistan if conflict resolution is unlikely? (S)
8. Should the U.S. take a greater role in helping to resolve the conflict in Sri Lanka? (S)
9. What approach should the U.S. take toward military and security ties to states in the region? What should U.S. arms sales policy be toward South Asia? (S)
10. What more should the USG do to achieve its goals on the environment, AIDS, narcotics control, and population issues? (S)

PART III: TASKING

The Acting Assistant Secretary of State for South Asian Affairs shall convene an Interagency Working Group, task specific drafting responsibilities, and set deadlines for drafts. Should there be differences of opinion, they shall be clearly stated rather than compromised for the sake of an agreed product. A final decision paper is due to the NSC Executive Secretary not later than March 31, 1993. (S)



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