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Date: 8/16/74
Initial: [initials]
Memorandum of Conversation

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DATE: August 10, 1974

SUBJECT: Secretary's Conversation with Ambassador Kaul

PARTICIPANTS: The Secretary
The Honorable Triloki Nath Kaul, Embassy of India
Mr. G. V. Ramakrishna, Economic Minister, Embassy of India
Mr. R. Anandakrishnan, Science Attache, Embassy of India
Mr. Alfred L. Atherton, Jr., Assistant Secretary for Near Eastern and South Asian Affairs
Mr. Robert B. Morley, NEA/INS
Mr. Henry Appelbaum, NSC Staff

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Date/Time/Place: August 10, 1974, 12:45 p.m., Secretary's Office

Distribution: S, S/S, WH (Gen. Scowcroft)

Secretary: So good to see you again, Tikki. And who is this?

Ambassador Kaul: This is Mr. Anandakrishnan, our Science Attache. I brought him along to get a glimpse of you. He wanted to be exposed to your inspiring face.

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Secretary: I hope he isn't disappointed. If you had said my inspiring personality, I might have believed you. Even my mother never considered my face inspiring.

Ambassador Kaul: Mr. Secretary, I wish to convey the congratulations of our President, Our Prime Minister and our Foreign Minister on the democratic way in which the change took place. Please convey their felicitations and mine to President Ford. We are particularly happy to see it is the President's intention and yours to continue the present favorable trend in our mutual relations. I hope this trend will be pursued with even greater vigor and speed.

NEA/INS:RBMorley:mmk
(Drafting Office and Officer)

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| Date: | 8/29 1978 |

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Secretary: The President asked me to see you and express to you his very great interest in normalization of our relations. Perhaps normalization is not the right word, because our relations have been normal. Let's say improvement. The main lines of our policy will continue. We perhaps are in a better position now to act, since some of the domestic constraints are gone. Initiatives will be easier now. President Nixon set us on a firm course. This will be continued and accelerated by President Ford. The President hopes to have an opportunity to see you next week. He had hoped to see you today, but decided he should see some Americans. It turned out he needed to call a Cabinet meeting and a meeting of the National Security Council. But the President wants to see you sometime in the next ten days. He asked me to say this to you.

Ambassador Kaul: Thank you very much. I am not one of those Ambassadors who would feel slighted if he did not get the immediate attention of the President. I understand the situation. Mr. Secretary, without taking too much of your time, may I present an Aide Memoire on Tarapur. The end result is what you want. We have agreed not to use the plutonium except for recycling purposes. The rest you can have.

Secretary: Is this the first reply we have had?

Mr. Atherton: There was an earlier reply, sir, to which we have not yet replied. We are in touch with the AEC and were getting ready to respond a few days ago when other events intervened.

Secretary: I assure you this matter shall be given high priority. Will you hear from Atherton before I do?

Mr. Atherton: I hope not.

Secretary: For me, the transfer of authority is easy. I still get none.

Ambassador Kaul: I don't believe that. Mr. Secretary, this is an important matter to us. The Tarapur plant's production is held up until this matter is settled.

Secretary: Roy, can you get a recommendation as soon as possible?

Mr. Atherton: Yes, sir.

Ambassador Kaul: Let me leave some thoughts with you. This is about Pakistan. I hope that your friendship and influence with Pakistan will be used to give a positive and constructive course to their response on our request for talks. I hope talks begin soon. There is another matter. We are a little concerned about the situation on the border of Afghanistan and Pakistan. We have given detailed instructions to our Ambassador in Kabul on this. There have been air intrusions of as much as 50 miles into Afghanistan by Pakistan. Our assessment is that Bhutto is using this situation as a diversion.

Secretary: A diversion from what?

Ambassador Kaul: The problem in Baluchistan. There is dissatisfaction there. There have been hand grenades thrown there.

Secretary: I hope you are not encouraging the problem.

Ambassador Kaul: No, we are against it. But we can't do anything. There is nothing for us to do. It is a Pakistani problem. We don't want it to be used as an excuse to delay talks with us. We are ready to start at any time.

Secretary: I would like to see great restraint exercised by both sides. We don't want to be in a position of being presented with difficult choices. We shall urge Pakistan to show restraint.

Ambassador Kaul: Is there anything further on your visit to India?

Secretary: Roy, hasn't Pat talked to the Prime Minister about this? Hasn't he asked her to fix a date?

Mr. Atherton: There was some discussion earlier about dates.

Ambassador Kaul: You give us dates.

Secretary: I am thinking about some firm date between the twentieth and the thirtieth of October. I really have to stay here for a bit now. The principal reason for a date in October is that I find it hard to leave now. But I have approved the fixing of a firm date.

Ambassador Kaul: Yes, we should fix a firm date. There is already press speculation on this.

Secretary: Why don't you tell the press that the process of improving our relations will be continued and accelerated. We will continue on the same course.

Ambassador Kaul: Can we say improved and strengthened?

Secretary: Yes, improved and strengthened. Say that I have conveyed this to you.

Ambassador Kaul: There is also the question of debt relief and the foreign aid bill. I saw Secretary Simon on August 5 and asked him about debt relief. He said he had gotten the message. Twenty nine million is not enough. We need more. You should understand that debt relief is more important to us than aid. The World Bank is still waiting for your reply.

Secretary: I thought we agreed forty million would be enough.

Mr. Atherton: Sir, the World Bank has prepared a revised formula according to which the United States would be asked to participate at a level of about \$40 million.

Ambassador Kaul: Perhaps Mr. Ramakrishna can talk on this.

Mr. Ramakrishna: The Bank has prepared a new formula. Under this formula the lowest level of American participation would be \$39 million. They still recommend the full \$64 million, however. You can give as little as \$39 million, but they are recommending \$64 million. This would not require Congressional action.

Ambassador Kaul: Until you have made a decision on this, Germany, France, the UK and Italy will not. If you reduce your participation to \$39 million in the face of the Bank's recommendation for \$64 million, they will reduce their participation as well.

Secretary: I am seeing Simon Monday. I shall talk to him about it then.

Mr. Atherton: This would be the thing to do, Mr. Secretary.

Secretary: I shall talk to him with a view to finding out what beyond \$39 million can be done.

Ambassador Kaul: I suggest \$50 million or more. Senator Percy told me, Mr. Secretary, that the Senate will pass the foreign aid bill without amendment. There remains the problem with the House. Should I see various Congressmen?

Secretary: Yes, I would recommend it. It may do some good. Our Congressional position is better now. You know what our position on this has been. Perhaps we can do something now.

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-5-

Ambassador Kaul: A hint from you and President Ford would go a long way.

Secretary: That has not always been the case. At times, there has been opposition to me in the Congress.

Ambassador Kaul: That is not so.

Secretary: The President has sent a letter to your Prime Minister, and I have sent one to your Foreign Minister. They say we hope to continue and strengthen our relations with you. Tikki, I would like to see you for a few minutes alone. Mr. Ramakrishna, good to meet you. Mr. Anandakrishnan, glad to meet you.