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COMPTROLLER GENERAL'S REPORT TO
THE HONORABLE EDWARD M. KENNEDY
UNITED STATES SENATE

MILITARY ASSISTANCE AND ARMS SALES TO
PAKISTAN
Department of State
Department of Defense B-173651

D I G E S T

WHY THE REVIEW WAS MADE

This review--an inquiry into the policy, authorization, volume, and content of military aid to Pakistan--was made at the request of Senator Edward M. Kennedy. The inquiry was directed toward providing summary information on the above areas with emphasis on events and deliveries of military-type articles between March 25 and November 8, 1971. (See p. 3.)



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FINDINGS AND CONCLUSIONS

Prior to the 1965 outbreak of hostilities between India and Pakistan, the United States provided Pakistan with millions of dollars worth of equipment and services under the military grant aid, excess property, sales, and ship loan programs. This assistance was provided under the terms of a mutual defense assistance agreement between the Governments of the United States and Pakistan and under other related bilateral agreements. (See pp. 4 and 5.)

1965 embargo on Pakistan

On September 8, 1965, the United States placed an embargo on the supply of military equipment to India and Pakistan because of the outbreak of hostilities between the two countries. (See p. 7.)

Modification of embargo

The United States modified the embargo early in 1966 to permit India and Pakistan to purchase nonlethal articles with a case-by-case determination being made by U.S. officials prior to the issuance of the applicable export licenses. (See p. 8.)

New military supply policy

In 1967, after an extensive policy review, the United States decided, among other actions, that (1) grant military aid, suspended since 1965, would not be resumed except for a possible small military training program in the United States and (2) requests for the sale of ammunition and spare parts for military equipment previously provided, including previously barred spares for lethal equipment, would be considered on a case-by-case basis, in addition to requests to purchase nonlethal items. (See pp. 8 and 9.)

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Military supply policy exception

The only identified exception to the above military supply policy was made in October 1970 when the United States offered to sell certain lethal end-items--armored personnel carriers and some aircraft--in response to long-standing requests from the Government of Pakistan. (See p. 9.)

Pakistani civil strife

Following the outbreak of internal fighting in Pakistan on March 25, 1971, the United States decided to (1) hold in abeyance any further action on the October 1970 exception to the embargo on the sale of lethal end-items, (2) suspend the issuance of any additional export licenses or the renewal of expired licenses for articles on the Munitions List, and (3) place a hold on the delivery of foreign military sales from Defense stocks. (See p. 10.)

No embargo was placed on exports to Pakistan. Therefore defense articles on open export licenses issued prior to or on March 25, 1971, still could be exported to Pakistan. The value of the unshipped balance of Munitions List articles licensed for export at March 25, 1971, was about \$35 million. (See pp. 10 and 15.)

In inquiring into these interim actions and their results, the General Accounting Office found that:

- Munitions List articles exported to Pakistan between March 25 and September 30, 1971, under open export licenses were valued at about \$3.8 million. (See p. 16.)
- ✓ --Department of Defense agencies continued to release spares for lethal end-items from their stocks despite a departmental directive which placed a hold on such deliveries in April 1971. (See pp. 19 and 20.)
- The U.S. Air Force shipped directly to Pakistan from March to July 1971 some \$563,000 worth of spare parts on a priority basis. Many of these spare parts were needed for inoperable lethal end-items. (See p. 20.)
- About \$10.6 million worth of foreign military sales contracts were entered into by the United States and Pakistan after March 25, 1971. The military services were not formally instructed by the Department of Defense to stop making offers until August 12, 1971, although we were advised that oral instructions had been given early in July. No export licenses were issued by the Department of State for these contracts. (See pp. 21 and 22.)

Subsequent to the completion of our fieldwork, the Department of State, on November 8, 1971, revoked all outstanding licenses for the export of Munitions List items to Pakistan. (See p. 17.)