

PRIME MINISTER'S  
PERSONAL MESSAGE



SERIAL No. T227B/90 10 DOWNING STREET

SUBJECT cc MAJESTY  
cc OPS

LONDON SW1A 2AA

THE PRIME MINISTER

9 October 1990

Dear Mr. President

Thank you for your letter of 15 September. I agree that the unanimity shown by the international community in condemning Iraq's aggression and enforcing sanctions is very welcome. Pakistan's firm stance, and its commitment of troops to the multinational force have been of great value.

Iraq's action has caused serious economic damage to many countries, including Pakistan, through the increased cost of oil, the loss of trade and of remittances, and the need to reabsorb large numbers of refugees. The long-term remedy lies in the restoration of peace and stability in the Gulf area. The priority must therefore be to bring about Iraq's withdrawal from Kuwait and the reinstatement of the legitimate Government.

We realise that a number of countries, including Pakistan, will need assistance in dealing with the immediate economic impact of the crisis, and we have been discussing with the World Bank and other donors how this assistance might be provided. Inevitably, it will be necessary to look to those donors which are not contributing to the military operations to take the lead in providing such additional assistance as may be required. Britain is, of course, already providing substantial aid to Pakistan: we expect our bilateral aid to total about £30 million this year.

PM/EM

A major part of the immediate impact on Pakistan, as on other countries, is due to the increase in oil prices. The analysis carried out by the IMF and IBRD shows that the best way of dealing with this is through domestic economic measures. While the oil price shock undoubtedly increases the difficulty of economic adjustment, it also makes such adjustment even more essential. We are therefore urging all affected countries as a first step to reassess their economic policies and financing needs in consultation with the IMF and the World Bank, and to explore the possibility of obtaining additional resources from the International Financial Institutions in support of appropriate adjustment programmes.

I realise also that the repatriation and reintegration of large number of refugees is an additional burden for Pakistan. Britain has responded quickly to provide emergency assistance. So far, our contribution to the costs of repatriating refugees from the Gulf (of whom many are from Pakistan), including our share of European Community assistance, amounts to over £10 million.

Yours sincerely

Rajaram Malhotra

His Excellency Mr. Ghulam Ishaq Khan