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NEGOTIATIONS FOR THE SETTLEMENT OF THE INDUS WATERS
DISPUTE

CHRONOLOGY OF PROGRESS

August 4, 1951

Article by David S. Lilienthal proposing a co-operative, regional approach to the development of the water resources of the Indus Basin appears in "Colliers" magazine.

September 6, 1951

Eugene Black writes to the Prime Ministers of India and Pakistan offering the Bank's good offices if the development of the Indus water resources along the lines suggested by Lilienthal commended itself to their respective governments.

November 8, 1951

Black, having had favorable replies from both Prime Ministers, proposes the setting up of a working party of Indian and Pakistani representatives together with a representative from the Bank.

The following principles would govern the deliberations of the working party in drawing up a plan for the development of the Indus waters:

(a) The Indus Basin water resources are sufficient to continue all existing uses and to meet the further needs of both countries from that source.

(b) The water resources should be co-operatively developed, and used so as most effectively to promote the economic development of the Indus Basin viewed as a unit.

(c) The problem of development and use of the water resources should be solved on a functional and not a political plane, without relation to past negotiations and past claims and independent of political issues.

March 13, 1952

Black having had conversations with both Prime Ministers writes to them pointing out that agreement has been reached that the working party is to work out, and the ultimate object is to carry out, specific

engineering measures by which the water supplies effectively available to each country will be increased substantially beyond what they have ever been. The principles governing the deliberations of the working party would remain the same as before.

May 7, 1952

The working party holds its first meeting in Washington, D. C. It continues to work at its task for almost two years. The Pakistani and the Indian party each puts forward its own plan but neither offers a basis for agreement. Under the Pakistani plan the usable supplies of water would be divided as follows:

To Pakistan:

All of the Western Rivers
70% of the Eastern Rivers

To India:

None of the Western Rivers
30% of the Eastern Rivers

Under the Indian plan the following would be the division:

To Pakistan:

93% of the Western Rivers
None of the Eastern Rivers

To India:

7% of the Western Rivers
All of the Eastern Rivers

February 5, 1954

The Bank's representative, with the approval of the Bank Management, puts forward a proposal for the solution of the problem, the main heads being:

(a) The entire flow of the Western Rivers would be reserved for Pakistan except for insignificant uses in Kashmir and Jammu.

(b) The entire flow of the Eastern Rivers would be reserved for India.

(c) India would bear the cost of link canals necessary to replace from the flow of the Western Rivers the supplies which Pakistan would no longer get from the Eastern Rivers.

(d) There would be a transitional period during which India would be entitled to withdraw progressively from the Eastern Rivers such supplies as would not reduce existing uses in Pakistan, taking into account the supplies that could be delivered by the proposed link canals to be constructed on an agreed construction schedule.

In the judgment of the Bank, a plan could be worked out in the framework of this proposal which would provide for irrigation uses as follows:

For India:

- (a) Historic withdrawals.
- (b) A surplus for future development.

For Pakistan:

- (a) Historic withdrawals.
- (b) Bringing most of the Sutlej Valley canals up to allocation except in unusually bad years.
- (c) Meeting the planned requirements of projects in progress on the Indus, namely, Thal and Kotri.
- (d) A surplus which would be sufficient in an average year to meet the additional uses planned for the two other important projects on the Indus, namely, Sukkur and Gudu.

February 8, 1954

Black in letters to the Indian and Pakistani Prime Ministers puts the Bank proposal before them.

March 22 - 25, 1954

India indicates acceptance of the principles governing the Bank proposals as a basis for agreement. She emphasizes the need to safeguard existing uses within the State of Jammu and Kashmir and future developments there which would involve relatively insignificant consumptive uses.

The Pakistani representatives give their view that the planned uses of the Sukkur and Gudu irrigation schemes ~~should~~ be taken into account in any proposal for the division of the waters and if they are, it would be evident that there would be serious shortage in Pakistan unless she is guaranteed a substantial part of the waters of the Eastern Rivers.

May 14, 1954

The Pakistani Prime Minister states his view that the Bank's proposal for the division of the waters does not "meet the test of fairness". The Pakistani representatives will come to Washington to negotiate adjustments of the Bank proposal.

The Indian representatives construe this message as a rejection of the Bank proposal. Bank desires clarification of Pakistani message.

May 21, 1954

Bank memo to the Government of Pakistan pointing out that the Bank is unable to perceive that the Pakistani message constitutes an acceptance of the Bank proposal in principle, either as a basis for agreement, or even as a basis for further joint discussion. The memo emphasizes the water requirements in Pakistan that it is envisaged would be met from the flow of the Western Rivers and the belief of the management that if any progress is to be made there must be, as a minimum, an understanding that further discussions will proceed on the basis of the Bank proposal taking as a starting point the division of the waters there proposed. If during negotiations it were to become clear that with the division proposed a plan could not be worked out which would provide Pakistan with the irrigation uses envisaged, the Bank would be prepared to use its good offices to bring about acceptable adjustments.

Pakistan is asked to indicate their acceptance of the foregoing understanding.

May 27, 1954

Pakistani Government propose a discussion with the Bank.

June 15, 1954

Discussions open with Sir Zafrulla Khan, the Pakistani Foreign Minister. These and subsequent discussions in June and July with Indian and Pakistani representatives are devoted to trying to work out a formula for Pakistan's acceptance of the Bank proposal which would permit resumption of the joint discussions.

July 28, 1954

Letter from Zafrulla Khan indicating acceptance by the Pakistani Government of the Bank's proposal in principle, provided that a workable plan can be prepared which will provide water for Pakistan's uses as described above from the flow of the Western Rivers.

August 8, 1954

Letter from Indian Prime Minister expressing reservations about Pakistan's acceptance of the Bank proposal and suggesting clarificatory talks with the Bank's representatives in the "sub-continent".

August 13, 1954

Eugene Black writes to Indian Prime Minister and Pakistani Foreign Minister proposing that instead of clarificatory talks with either side, representatives of all parties should meet in Washington, and prepare a

comprehensive plan on the basis of the Bank proposal, taking as a starting point the division of the waters envisaged in that proposal. The terms of reference of the group would be broadened to enable them to propose feasible means that might be adopted to meet any deficiencies in the event of the flow of the Western Rivers proving inadequate to meet the Pakistani uses outlined.

August 19, 1954

The Indian Prime Minister accepts Mr. Black's proposal but with some qualifications, and would still like talks in India on transitional arrangements.

August 24, 1954

Pakistani Foreign Minister agrees but with some qualifications to Mr. Black's proposal.

September 1 - 16, 1954

General Wheeler and Davidson Semmers go to India and Pakistan for discussions with both sides.

September 29, 1954

Bank representatives have further clarificatory talks with Pakistani representatives in Washington.

October 4, 1954

Bank representatives have discussions with Indian representatives in Washington.

October 7, 1954

Mr. Black writes to both Prime Ministers informing them that the Bank has taken note of the comments made by both Governments on the suggested terms of reference, without itself being bound by them and without regarding either Government as being bound by the comments of the others. He goes on to say that the Bank is prepared to resume the co-operative work under the terms of reference already suggested and invites both Governments to send representatives to Washington to resume co-operative work on that basis. Both Governments accept his invitation.

December 6, 1954

Talks resume for the purpose of working out a comprehensive engineering plan.

June 2, 1955

Following the efforts of the Bank to bring about an interim arrangement which would keep the situation under control while the preparation of a comprehensive plan proceeds, the Governments of India and Pakistan enter into an ad hoc transitional agreement for the period April 1, 1955 to September 30, 1955. The agreement, after taking into account Pakistan's ability to transfer water in replacement from the Western Rivers establishes agreed ad hoc amounts for additional canal withdrawals by India from the three Eastern Rivers during the period of the agreement.

Efforts in 1954 to arrange such an agreement had not been successful despite prolonged negotiations.

October 31, 1955

Both Governments enter into a further agreement covering ad hoc transitional arrangements for the period October 1, 1955 to March 31, 1956.

Spring 1956

Discussions have gone on in the intervening period and a series of studies of the various issues involved have been made but full agreement is not secured between the two delegations on (i) the quantity of water needed for some of the uses specified in the terms of reference and on (ii) certain technical considerations, in particular the effect of the proposed changed regime of the rivers on "Gains and Losses". In the absence of this agreement it is not possible to secure a common approach to the actual engineering features of a comprehensive plan.

May 21, 1956

Studies made by the Bank's consultants of the flow of the Western Rivers indicate that the flow waters of these rivers would be insufficient to meet all the Pakistani requirements envisaged under the Bank proposal. Acting on these studies, the Bank draws up an Aide-Memoire suggesting that the deficiency be made up through storage arrangements on the Western Rivers and further suggesting that it should use its good offices to bring out acceptance of its original proposal adjusted as indicated. The Bank adjustments are discussed with Indian and Pakistani representatives and copies of the Aide-Memoire handed to them.

June 1, 1956

Bank proposes continuance of the co-operative work until March 31, 1957.

June 18, 1956

India points out that before negotiations can proceed, it seems necessary that Pakistan should accept (without qualification) the principle of division of the waters.

June 27, 1956

Pakistan agrees (but with provisos regarding any ultimate plan) to continue the co-operative effort.

July 30, 1956

Bank indicates to both delegations that it sees no possibility of ensuring the continuance of the co-operative work on the basis of their replies. Recommends that the work continue, without prejudice, on the basis of the Bank proposal and the Aide Memoire.

September , 1956

Both Pakistan and India agree to continue on the proposed basis.

September 24, 1956

Both Governments enter into a further agreement covering ad hoc transitional arrangements for the period April 1, 1956 to March 31, 1957.

September, 1956 - March, 1957

Talks continue. India and Pakistan prepare plans under Bank proposal and Aide Memoire. Plans differ greatly in concept and cost -- Pakistan plan unrealistically grandiose, Indian plan unrealistically tight. Indians largely concerned with the amount of the payment they would have to make to Pakistan for replacement works. Bank urges Pakistan to look seriously into its irrigation planning.

April 11, 1957

Black writes to Prime Ministers proposing a formal extension of co-operative work until September 30, 1957. No discussions in Washington envisaged for this period requiring presence of delegations. Bank would review progress to date and determine what future action would be appropriate. This proposal is agreed to.

May 13, 1957

Bank submits to the delegations some draft "Heads of Agreement" as a basis for discussion of an international water agreement as a means of settlement of the dispute.

These "Heads of Agreement" envisage division of the waters as contemplated in the Bank proposal, a transitional period and the setting up of a Commission which would include in its functions the preparation of plans, etc., necessary to implement the proposed division of the waters.

May 27, 1957

Iliff has discussions with Indian representatives on the proposed "Heads of Agreement".

June 10, 1957

Iliff has further discussions with Indian representatives in New Delhi on the same subject.

June 11 - 14, 1957

Iliff has discussions with Pakistani representatives in Lahore on the same subject.

No tangible progress towards agreement results from the foregoing discussions. It emerges that Pakistan's main objections are based on the fact that there is no agreed plan for implementing the works entailed by division of the waters, and the financial provisions are left unsettled.

June 24, 1957

Bank puts "Heads of Agreement" couched in more general terms before the delegations and asks for their views as to whether or not they are acceptable as a basis from which the discussions can proceed.

July 13, 1957

Pakistan gives her views.

July 25, 1957

India gives her views.

August 21, 1957

Iliff meets with the Indian and Pakistani delegates and suggests that each should separately have oral discussions with the Bank group in the course of which each Government would make their comments on the written views expressed by the other Government. The object of this exercise would be to enable the Bank to make up its mind on its future role in the dispute.

He also proposes that an attempt be made to negotiate an ad hoc agreement for the period October 1, 1957 to September 30, 1958.

November/December 1957

Negotiations in Karachi and New Delhi for the conclusion of an ad hoc transitional agreement covering a further period are unsuccessful.

Spring 1958

The "Marhu Tunnel Plan" is put forward. Under this plan India would tap supplies from one of the Western Rivers, the Chenab, for use in India and would make substantially equivalent fixed deliveries of water to Pakistan through the Eastern Rivers. This plan is not acceptable to Pakistan in that it would permit Indian interference with the Chenab waters and increase Pakistan's dependence on India for deliveries of water. Pakistan states that her engineers are working on an alternative plan which would preserve their independence of India.

April 1958

The Marhu Tunnel Plan is discussed in Rome. Any Pakistani alternative proposals are not discussed but on the basis of information supplied by Pakistan on the possibilities of storage on the Jhelum the Bank propounds the idea of replacing supplies for the Sutlej Valley canals through such storage. This would be less costly than replacement through link canals from the Indus. Pakistan agrees to study this idea and prepare a plan on this basis.

July 1958

In London Pakistan puts forward her plan ("The London Plan"). It provides for a dam at Terbela on the Indus and a 600,000 k/w power plant, a dam at Mangla on the Jhelum in Pakistan occupied Kashmir and a 300,000 k/w power plant, three subsidiary dams on the Jhelum and ten link canals. Discussions are adjourned to enable the Indian delegation to study the plan in more detail.

October 1958

Bank discussions with India on policy decisions necessary to secure agreement.

December 1958

Discussions in Washington with Indian and Pakistani delegations on Pakistan's London Plan and on Indian Plan (a revised version of the Marhu Tunnel Plan). Pakistan does not accept Indian Plan and India does not accept Pakistani Plan, which is considered too big, too costly and entailing too long a transitional period.

December 22, 1958

Pakistani delegation accepts unconditionally the Bank's proposal of February 5, 1954, and the Aide-Memoire of May 21, 1956 as the continuing basis for reaching a co-operative solution to the dispute.

March 26, 1959

The Bank formulates an engineering plan of its own for the settlement of the dispute. It is based on the general principles of the Bank proposal of 1954 and provides not only for irrigation replacement but for development of irrigation and power in both countries.

As regards financing the plan, the Bank considers the following provisions appropriate:

(a) No part of the cost of replacement works should be a financial burden on Pakistan.

(b) The Indian contribution to the cost of replacement, while bearing some relation to actual cost, should take account of the limitations on Indian capacity to pay.

(c) That the cost of construction of the works to the extent that they contribute to development should be borne on a loan basis by the country that benefits.

The implementation of the plan envisages the conclusion of an international water treaty between India and Pakistan. The treaty would set up an Indus Development Commission which would remain in existence at least throughout the "Transitional Period".

April 17, 1959

Both Governments enter into a further ad hoc transitional agreement for the period April 1, 1959 to March 31, 1960.

May 13, 1959

Black and Iliff meet Indian Prime Minister and others in New Delhi and discuss with them:

(a) the possible amount of India's financial contribution,

(b) the arrangements for the transitional period,

(c) the attitude of the Government of India to the inclusion of a reservoir at Mangla as part of the replacement plan.

Roughly, the understanding reached is that (a) the Indian contribution will be no more than \$175 million; (b) (i) the transitional period will be ten years with financial penalties on Pakistan if she wishes to extend the period beyond this. Extensions of up to three years are envisaged (ii) the foreign exchange costs of building the Beas dam in India will be made available to India. This dam and a 200,000 k/w power plant are works envisaged in India under the settlement plan. (c) India's claims to sovereignty over the States of Jammu and Kashmir will be safeguarded by a suitable formula.

May 18, 1959

Bank representatives secure agreement with Pakistan on an amended system of works in Pakistan under the Bank plan. This system of works comprises: (1) two reservoirs, one at Terbela and one at Mangla, (2) a system of eight link canals for the transfer of water from the Western Rivers to the Sutlej Valley irrigation system and for development purposes, (3) a 300,000 k/w hydroelectric power station at Mangla, (4) tube wells to promote drainage.

[Note: The dam at Mangla would be 350 feet high and almost 3 miles wide while the surface area of the reservoir behind it would be about 75,000 acres or about 117 square miles. The works at Terbela would be somewhat smaller. So also would be the works at Beas in India.]

The link canals would have a total length of some 550 miles and capacities ranging from 5,000 to 22,000 cusecs. The flow of water in the largest canals would thus be equal to twice that of the Potomac at Washington or to ten times that of the Thames at Teddington.]

It is also agreed that Pakistan would absorb the whole cost already incurred of existing link canals and withdraw her claim for operation and maintenance costs of the replacement works.

The Bank states its readiness to make every effort with Friendly Governments to obtain the necessary funds to finance the amended system of works. Pakistan undertakes to draw up a detailed plan of the amended system of works. Left to be dealt with in further negotiations are (a) additional consumptive uses by India on the Western Rivers and (b) Indian hydroelectric uses on the Western Rivers.

August 5, 1959

Talks open in London with Indian and Pakistani representatives on the following agenda: (a) transitional arrangements; (b) India's rights on the Western Rivers; and (c) drafting of heads of agreement for an international water treaty.

In these talks and in further discussions which take place during September agreement is reached on "Heads of Agreement" covering broadly -- 1. division of the waters; 2. transitional arrangements; 3. Indian hydroelectric and non-consumptive uses on the Western Rivers; 4. financial provisions as far as the two Governments are concerned; 5. exchange of hydrological data relating to the rivers; 6. future co-operation; 7. discussion of proposals for the resolution of disputes; 8. some general matters.

October 1959

Discussions are held in Washington on the detailed arrangements for the transitional period and on Indian consumptive uses on the Western Rivers. Work commences on drafting the text of the water treaty.

December 9, 1959

Draft of the main text of the treaty is completed. The more important articles provide for:

- (a) Allocation of the Eastern Rivers to India after a transitional period.
- (b) Allocation of the Western Rivers to Pakistan with provision for Indian hydroelectric and non-consumptive uses.
- (c) Payment by India into the Indus Basin Development Fund of her contribution towards the cost of replacement works in Pakistan.
- (d) Exchange of hydrological data between the two countries.
- (e) Future cooperation between the two countries.
- (f) The setting up of a permanent Indus Commission, the purpose and function of which would be to establish and maintain co-operative arrangements for the implementation of the Treaty and to promote co-operation between the two countries in the development of the waters of the Rivers.
- (g) Establish^{ment} of a procedure for the resolution of differences and disputes.

Certain annexes to the Treaty covering detailed arrangements for the transitional period and Indian consumptive uses on the Western Rivers are left over for settlement later.

Copies of the draft are sent to the Indian and Pakistani Governments.

January 6, 1960

Draft of agreement setting up Indus Basin Development Fund is completed and copies are sent to the Pakistan government and to the governments which are to make financial contributions. (This Fund would be administered by the Bank. All contributions towards the works in Pakistan envisaged under the water treaty would be paid into the Fund, which would then disburse funds as required.)

January 18 - 20, 1960

Engineering consultants meet in Washington to discuss implementation of the Settlement Plan in Pakistan.