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File Folder: Terrorism and Libya [4 of 6] Box 91673
11/1/03

Date: 1/15/97

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. memo	Nicholas Platt to John Poindexter, re Libya (3 pp) R 11/4/03 NLSMOZ-021 #9	1/6/86	P1
2. EO	draft, re Libya (4 pp) A 1/11/05 F95-023/1 #159	1/7/86	P1
3. analysis	of proposed EO (5 pp) A 1/11/05 F95-023/1 #160	n.d.	P1
4. report	draft, to Congress (4 pp) R 1/11/05 F95-023/1 #161	1/86	P1
5. memo	Abraham Sofaer to Secretary of State, re Libya (4 pp) PART. 11/4/03 NLSMOZ-021 #10	1/5/86	P1 P5
6. table	re Libya R 11/4/03 NLSMOZ-021 #11	n.d.	P1
7. list	re Libya R 11/4/03 NLSMOZ-021 #12	n.d.	P1
8. list	re Libya	n.d.	P1
9. memo	Nicholas Platt to Poindexter, re Libya (3 pp) R 11/4/03 NLSMOZ-021 #13	1/4/86	P1
10. EO	draft, re Libya (4 pp) R 1/11/04 F95-023/1 #166	n.d.	P1
11. analysis	SIMILAR same as item #3 (5 pp) R 11/4/03 NLSMOZ-021 #14	n.d.	P1
12. cover sheet	re attached 3 R 1/11/05 F95-023/1 #168	n.d.	P1
13. memo	from North, Stark, and Teicher, re NSPG (2 pp)	1/4/86	P1
14. agenda	re NSPG meeting P 1/11/05 F95-023/1 #169	n.d.	P1
15. paper	by Howard Teicher, re Libya (4 pp) [40010] P 1/11/05 F95-023/1 #170	n.d.	P1
16. memo	Caspar Weinberger to APNSA, re Terrorist attacks (partial page 3, pages 1-2 closed) PART 11/18/05 MOZ-21 #17	12/31/85	P1 P5

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National security classified information [(a)(1) of the PRA].
- P-2 Relating to appointment to Federal office [(a)(2) of the PRA].
- P-3 Release would violate a Federal statute [(a)(3) of the PRA].
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].

C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

- F-1 National security classified information [(b)(1) of the FOIA].
- F-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].
- F-3 Release would violate a Federal statute [(b)(3) of the FOIA].
- F-4 Release would disclose trade secrets or confidential commercial or financial information [(b)(4) of the FOIA].
- F-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].
- F-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
- F-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
- F-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

WITHDRAWAL SHEET

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Collection: FORTIER, DONALD: Files

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File Folder: Terrorism and Libya [4 of 6] ~~Box 91673~~
Part Box 3

Date: 1/15/97

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
17. memo	William Crowe to Secretary of Defense, re Libya (3 pp) <i>Part. 10/27/05 M02-021 # 18</i>	12/31/85	P1 P1
18. list	re Libya (10 pp)	n.d.	P1 P1

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National security classified information [(a)(1) of the PRA].
- P-2 Relating to appointment to Federal office [(a)(2) of the PRA].
- P-3 Release would violate a Federal statute [(a)(3) of the PRA].
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File Folder TERRORISM AND LIBYA (4)

FOIA

M02-021

Box Number 91673

ID Doc Type	Document Description	No of Pages	Doc Date
16 MEMO	WEINBERGER TO APNSA RE TERRORIST ATTACKS (#17)	3 ^{MVH 2/12/08}	12/31/1985

PENDING REVIEW IN ACCORDANCE WITH E.O 13233

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FOIA M02-021

File Folder TERRORISM AND LIBYA (4)

DATE 3/22/2007

ID Doc Type	Document Description	No of Pages	Doc Date	Restrictions
17 MEMO	WILLIAM CROWE TO WEINBERGER RE LIBYA (#18)		12/31/1985	

mvH 3/12/08

NLS MOZ-021 #9

United States Department of State

BY LOI, NARA, DATE 11/4/03

Washington, D.C. 20520

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January 6, 1986

MEMORANDUM FOR VADM JOHN M. POINDEXTER
THE WHITE HOUSE

SUBJECT: Imposition of Economic Sanctions Against Libya Under the International Emergency Economic Powers Act and Related Measures

I am transmitting at Tab 1, as requested by the NSPG on January 6, a draft Executive Order invoking the President's authority under the International Emergency Economic Powers Act (IEEPA) and at Tab 2, a section-by-section analysis describing the Order's provisions.

The draft Order finds that the policies and actions in support of international terrorism by the Government of Libya constitute an unusual and extraordinary threat to the national security and foreign policy of the United States and declares a national emergency pursuant to IEEPA to deal with that threat. The Order is designed to (1) have maximum political impact, (2) reduce sharply or terminate the remaining American citizen presence in Libya, (3) prevent new trade and eliminate trade with Libya under present contracts and (4) minimize criticism from our allies and encourage their support.

The draft Executive Order and detailed implementing regulations (being prepared by State and Treasury to be transmitted separately) would ban the following economic relations with Libya:

- direct export and import trade with Libya, except for donations of food and medicine clothing intended to relieve human suffering;
- aviation and maritime service;
- performance of contracts in Libya;
- grants of new loans, other extensions of credit and transactions involving the transfer to Libya or Libyans of property other than their previously owned assets;
- all travel-related transactions other than those incident to speedy departure from Libya, acts relating to the commercial relations permitted during the brief period before those prohibitions take effect, or for journalistic activity; and
- clarification that MFN under the Trade Expansion Act of 1962 and Trade Act of 1974 is inapplicable to Libya.

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Companies will be given until February 1 to terminate all export, import and other performance.

These measures are designed to achieve maximum impact on direct trade and transactions with Libya by U.S. nationals without imposing controversial extraterritorial controls on trade and transactions by third country nationals. If necessary, the Order or regulations could be amended at a later date to prohibit additional transactions.

The Order has been coordinated with White House Counsel, USTR, OMB, Treasury, Justice, Commerce, Energy, and Transportation.

Under IEEPA, Congress must be consulted in advance of issuance of the Executive Order, if possible, and a report must be submitted to Congress immediately upon issuance. Since Congress is out of session, letters to the leadership and calls to those available would be appropriate: letters will be sent by separate memorandum. An attempt should be made, prior to the Order's issuance, to discuss it with at least the leadership of both Houses, and the Chairmen and Ranking Minority Members of the Foreign Affairs Committees, the Trade and Economic Subcommittees of the House Foreign Affairs Committee, and the Senate Banking Committee.

Nicholas Platt
Executive Secretary

Attachments:

- Tab 1 - Draft Executive Order.
- Tab 2 - Section-by-Section Analysis.

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Drafted by:

L:ADSofer/EGVerville;L/EBC:EHSsmall:jd/rld
1/6/86 X79599 0959Q

Attachments cleared by:

Commerce: WArchey
DOT: JMarquez
DOJ: AGerson
Treasury: RKimmett }
OMB: JCooney }
Energy: CBamberger }
USTR: CRoh }

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EXECUTIVE ORDER

PROHIBITING TRADE AND CERTAIN TRANSACTIONS INVOLVING LIBYA

By the authority vested in me by the Constitution and laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), the National Emergencies Act (50 U.S.C. 1601 et seq.), sections 504 and 505 of the International Security and Development Cooperation Act of 1985, section 1114 of the Federal Aviation Act of 1958, as amended (49 U.S.C. 1514) and section 301 of title 3 of the United States Code,

I, RONALD REAGAN, President of the United States of America, find that the policies and actions of the Government of Libya constitute an unusual and extraordinary threat to the national security and foreign policy of the United States and hereby declare a national emergency to deal with that threat.

I hereby order:

Section 1. The following are prohibited except to the extent provided in regulations which may hereafter be issued pursuant to this Order:

(a) The import into the United States of any goods or services of Libyan origin, other than publications and materials imported for news publication or news broadcast dissemination;

(b) The export to Libya of any goods, technology (including technical data or other information) or services from the

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BY Amf, NARA, DATE 1/11/05

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United States, except publications and donations of articles intended to relieve human suffering, such as food, clothing, medicine and medical supplies intended strictly for medical purposes;

(c) Any transaction by a United States person relating to transportation to or from Libya; the provision of transportation to or from the United States by any Libyan person or any vessel or aircraft of Libyan registration; or the sale in the United States by any person holding authority under the Federal Aviation Act of any transportation by air which includes any stop in Libya;

(d) The purchase by any United States person of goods for export from Libya to any country;

(e) The performance by any United States person of any contract in support of an industrial or other commercial or governmental project in Libya;

(f) (1) The grant or extension of credits or loans, or (2) the transfer of property or any transaction involving the transfer of anything of economic value, by any U.S. person to the Government of Libya, its instrumentalities and controlled entities, or to any Libyan national or entity owned or controlled, directly or indirectly, by Libya or Libyan nationals, except the transfer of property held by Libya or Libyan nationals prior to the effective date of this Order;

(g) Any transaction by a United States person relating to travel by any United States citizen or permanent resident alien

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to Libya, or to activities by any such person within Libya, after the date of this Order, other than transactions necessary to effect any such person's departure from Libya, to perform acts permitted until February 1, 1986 by Section 3 of this Order, or to travel for journalistic activity by persons regularly employed in such capacity by a newsgathering organization; and

(h) Any transaction by any United States person which evades or avoids, or has the purpose of evading or avoiding, any of the prohibitions set forth in this order.

For purposes of this section, any "United States person" means any United States citizen, permanent resident alien, juridical person organized under the laws of the United States, or any person in the United States.

Section 2. In light of the prohibition in section 1(a) of this Order, Section 251 of the Trade Expansion Act of 1962 as amended (19 U.S.C. 1881), and Section 126 of the Trade Act of 1974 (19 U.S.C. 2136) will have no effect with respect to Libya.

Section 3. The prohibitions set forth in section 1(a), (b), (c), (d), (e) and (f)(2) shall apply as of 12:01 a.m. Eastern Standard time, February 1, 1986. The remainder of the prohibitions of this Order are effective immediately.

Section 4. The Secretary of the Treasury is delegated and authorized, in consultation with the Secretary of State, to employ all powers granted to me by the International Emergency Economic Powers Act, 50. U.S.C. 1701 et seq., to carry out the

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purposes of this Order. The Secretary may redelegate any of these functions to other officers and agencies of the Federal Government. All agencies of the United States Government are directed to take all appropriate measures within their authority to carry out the purposes of this Order, including the suspension or termination of licenses or other authorizations in effect as of the date of this Order.

This Order shall be transmitted to the Congress and published in the Federal Register.

Ronald Reagan

The White House

January 7, 1986

ANALYSIS OF PROPOSED EXECUTIVE ORDER

Overall Impact

Our current exports of approximately \$300 million per year consist primarily of machinery and transportation equipment, manufactured goods for industrial uses and foodstuffs, all of which are available to Libya from non-U.S. sources. We already deny licenses for export of most national security controlled items; for goods or technical data which could contribute directly to the Ras Lanuf petrochemical complex; for aircraft, large off-road vehicles and parts because of the high risk of diversion by Libya for military activities; and for oil and gas technology and equipment not available from third-country sources. On the import side, we recently expanded our 1982 ban on Libyan crude oil to include import of Libyan refined petroleum products. Our remaining imports of just under \$5 million per year consist mainly of alcohols and related products.

The Order and proposed regulations would prevent any new trade and reach the trade remaining under binding existing contracts, including the large volume of trade in services contracts. It would not reach trade with Libya by the foreign subsidiaries of U.S. companies. It should result in the sharp reduction or withdrawal of the remaining American citizen presence in Libya by banning the commercial activities motivating much of that presence and the transactions for travel to or in Libya, except for journalism and any licensed "hardship" travel. The Order would not freeze Libyan Government assets.

Violations of the Order are subject to civil penalties not to exceed \$10,000 and criminal penalties of not more than \$50,000 and imprisonment for not more than 10 years or both.

Section by Section Analysis

Paragraph One

Although all the actions in the Order may be taken under the International Emergency Economic Powers Act, the Order also is expressly based upon the President's constitutional authority, sections 504 and 505 of the International Security and Development Cooperation Act of 1985, and the aviation sanction authority provided by the Federal Aviation Act.

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Paragraph Two

The Order finds that the policies and actions in support of international terrorism by the Government of Libya constitute an unusual and extraordinary threat to the national security and foreign policy of the United States and declares a national emergency pursuant to IEEPA to deal with that threat. Invoking two of the three possible grounds provided under IEEPA -- threat to the national security and foreign policy -- follows the Nicaragua precedent. The earlier Iran emergency additionally invoked a threat to the U.S. economy.

Section 1(a)

This provides the import element of the Order's comprehensive direct trade ban. Prohibition of import of goods of Libyan origin might reach some trade of Libyan commodities through third countries, as would Section 1(h), which deals with evasion. In some instances, such as Libyan origin petroleum products mixed in European tank farms and included in subsequent reshipment, strict enforcement cannot be realistically contemplated without unacceptably burdening the international trading system. We contemplate that enforcement will be handled as it is under the present import ban on such products. The exception for news material follows the Iran precedent.

Section 1(b)

This provides the export element of the Order's comprehensive direct trade ban. Like the Nicaragua order, but unlike typical earlier controls, this ban will not reach re-exports of U.S. origin goods from third countries if those goods "come to rest", are incorporated in third country products as components or are substantially transformed abroad. This avoids the extraterritoriality problems of U.S. controls over the export of a foreign manufactured product because of a small amount of U.S. componentry. The Order would not, however, supercede the existing system of export controls on Libya already in place, e.g., relating to national security controlled items or oil and gas technology, which remain subject to the regular re-export control system of the Export Administration Act. The Order's ban on exports to Libya does not apply to donations of food and medicine and clothing intended to relieve human suffering, in light of the corresponding limitation on the President's authority to do so under IEEPA. This limitation can be removed if militarily required.

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Section 1(c)

This section provides a transportation ban.

Section 1(d)

This section bans the purchase of goods in Libya for sale in countries other than the United States.

Section 1(e)

This section bans performance of contracts in Libya, such as oil field operation contracts and major construction engineering and management. It deals with one of the major elements of U.S.-Libya trade remaining and a principal source of U.S. citizen presence in Libya. However, much trade in services is by foreign companies, including subsidiaries of U.S. companies.

Section 1(f)

This section imposes a comprehensive ban on financial transactions benefitting the Libyan government or in which Libya has an interest as well as transactions benefitting Libyan nationals. It is not intended to freeze or bar transfers to Libya or Libyans of assets they already own, such as bank deposits, ordinary transactions by Libyan students living in the U.S., proper transactions by the Libyan U.N. Mission, or donations permitted in accordance with section 1(c). Regulations will assure that it is administered consistently with this purpose.

Section 1(g)

This section bans transactions for travel to Libya. It also bars transactions for activities in Libya by United States citizens and permanent resident aliens. Under U.S. law, the President is not presently authorized directly to compel U.S. nationals to cease travel to, through, or in Libya. Nor can we threaten prosecution for the travel itself. Although we can bar the economic activity necessary for travel, and prosecute for violations (subject to difficulties of proof), some Americans may nevertheless remain in Libya either because Qadhafi may prevent their departure or because they may decide to defy a transaction ban. However, this control, by banning transactions for travel to and activities in Libya, together with further tightening of passport controls and strong Presidential statements, should substantially reduce the American presence there. The section makes the exception for journalism which has become our standard practice and was made

under the IEEPA controls for Iran during the hostage crisis. Travel for performance of export, import and service trade will be permitted until those bans take effect.

Section 1(h)

This is drawn from the Iran precedent and is intended to facilitate enforcement of the basic prohibitions.

"United States person"

In order to avoid the acute problems arising under other U.S. controls which have applied to "any person subject to the jurisdiction of the United States", a term usually defined in U.S. regulations to include foreign companies owned or controlled by U.S. nationals, this Order is drafted to apply its principal prohibitions to "U.S. persons", who are defined to include, in addition to U.S. citizens and permanent resident aliens, only those companies and other legal entities which are organized under U.S. law and thus generally recognized by our allies as being subject to U.S. regulation in their overseas activities.

Section 2

Although the MFN tariff treatment automatically granted by U.S. statutes to most countries is meaningless when imports themselves are barred, Section 2 will remove the political issue of Libya theoretically remaining entitled to MFN. The Order does not expressly terminate the theoretical Libyan entitlement to avoid unnecessary departure from our tradition of not withdrawing MFN tariff treatment as a foreign policy sanction.

Section 3

This section of the order allows a transitional period until February 1 to wind up commercial relations. The prohibitions on other travel and on new loans or extensions of credit take effect immediately. After the effective date, licenses would be required for any of the prohibited transactions.

Section 4

This section makes the standard delegation of IEEPA authorities to the Secretary of the Treasury, to be exercised in consultation with the Secretary of State.

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Congress

The Order states that it is to be transmitted to Congress. In addition, IEEPA requires that, wherever possible, the President consult with the Congress prior to using IEEPA authorities. He is also required to report immediately to Congress when he uses them. Both these obligations can readily be satisfied, and the need to act is particularly strong where the result may reduce the number of Americans exposed to Libyan actions.

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Economic Sanctions Against Libya

To the Congress of the United States:

Pursuant to section 204(b) of the International Emergency Economic Powers Act, 50 U.S.C. section 1703, section 505 of the International Security and Development Cooperation Act of 1985, and section 301 of the National Emergencies Act, 50 U.S.C. section 1631, I hereby report to the Congress that I have exercised my statutory authority to declare a national emergency and to:

- ° prohibit purchases and imports from and exports to Libya;
- ° ban U.S.-Libya maritime and aviation relations;
- ° ban trade in services relating to projects in Libya;
- ° ban credits or loans or the transfer of anything of value to Libya or its nationals, except their property held prior to the effective date of this order or transactions allowed by regulations providing for normal activities by Libyans lawfully in the United States; and
- ° prohibit transactions relating to travel by Americans to or in Libya, other than for commercial activities permitted until February 1, 1986 or those necessary for prompt departure from Libya or for journalistic travel.

These prohibitions are subject to regulation by the Secretary of the Treasury. Certain of the prohibitions in the order will apply as of 12:01 a.m. Eastern Standard time, February 1, 1986. The remainder of the prohibitions of the order will become effective immediately.

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BY *DMK*

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I am enclosing a copy of the Executive order that I have issued making this declaration and exercising these authorities.

I have authorized these steps in response to the emergency situation created by international terrorism, in this instance the actions and policies of the Government of Libya. Its use and support of terrorism against the United States, other countries and innocent persons violates international law and minimum standards of human behavior. These Libyan actions and policies constitute a threat to the security of the the United States as well as the international community. Our nation's security includes the security of its citizens and their right freely to go about their lives at home and abroad. Libyan use of and support for terrorism also constitutes a threat to the vital foreign policy interests of the United States and of all other states dedicated to international peace and security.

Since Libya was officially designated under U.S. law in 1979 as a country that has repeatedly supported acts of international terrorism, the United States has taken a number of steps in response to hostile Libyan policies and actions. We have denied licenses for exports that may contribute to Libya's military potential or enhancing its ability to support acts of international terrorism. We have denied export of most national security controlled items; of goods or technical data which could contribute directly to the Ras Lanuf petrochemical complex; of aircraft, large off-road vehicles and parts with a

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high risk of diversion by Libya for military activities; and for oil and gas technology and equipment not available from third-country sources. On the import side, we have banned Libyan petroleum and, since November 1985, Libyan refined petroleum products. We have stopped Libyans from coming to the United States for aviation maintenance, flight operations or nuclear related studies. We have taken measures to limit the expansion of Libyan UN Mission facilities. We have also repeatedly called upon corporations to withdraw American citizens from Libya, for their safety, and we have restricted the use of U.S. passports for travel there. All these measures have not deterred Libya from its use and support of terrorism. Moreover, approximately 1500 Americans from remaining in Libya.

The Congress of the United States has repeatedly deplored the Qadhafi regime's use of and support for international terror. Recently, it did so by enacting section 504 of the International Security and Development Act of 1985. Moreover, I have determined that Libya falls within the terms of another statute directed by Congress against those countries which support terrorism against civil aviation, section 1114 of the Federal Aviation Act of 1958, as amended.

The United States reaffirms its call to Libya and all nations supporting terrorism to turn away from that policy. The United States also calls upon other nations to join with us in isolating the terrorists and their supporters. We must demonstrate by firm political and economic sanctions that the

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international community considers such actions intolerable, that states which engage in such actions cannot expect to be accepted members of the international community.

Failure to call Libya into account for its policy places the civilized world at the mercy of terrorism. This has necessitated the steps I have taken today. The terrible tragedies of Vienna and Rome demonstrate that no nation can be immune, that each nation must bear its fair share of the vital effort against the politics of terror. I call upon every nation to do so now.

Ronald Reagan

The White House,
January __, 1986.

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United States Department of State

Washington, D. C. 20520

INFORMATION MEMORANDUM
S/S

January 5, 1985

TO: The Secretary

THROUGH: P - Mr. Armacost

FROM: L - Abraham D. Sofaer ~~ADS~~

SUBJECT: Cost to U.S. Business of a Ban on Trade and Transactions Involving Libya

One factor that we have flagged for your consideration with respect to the imposition of economic sanctions is the cost to U.S. businesses. The Analysis of the Proposed Executive Order submitted to you yesterday states that unlike the Iranian situation, where Iranian assets in the United States were greater than U.S. assets in Iran, U.S. business assets in Libya are estimated to have a book value of about \$450 million, whereas Libyan assets in this country are estimated at about \$200 million. Information on these matters is very difficult to obtain and evaluate on short notice.

Information we have since obtained from other sources indicates that the book value of the assets of U.S. oil companies in Libya (Amerada, Hess, Conoco, Marathon and Occidental) is substantially higher than estimated in the earlier memorandum -- probably between \$700 million and \$1 billion. The oil companies' annual profits are roughly \$90 million from their Libya trade. (See Tab 1). Moreover, NEA believes that elimination of U.S. oil companies' Libyan-sourced oil could substantially reduce their downstream profits on the approximately \$2.5 billion of Libyan oil they now refine in Europe.

Additionally, U.S. companies have long-term contracts for services (construction project management) and goods with Libyan entities. (See Tab 2 for a listing of primary U.S. companies with contracts.) Although currently licensed exports are approximately \$300 million per year, this greatly understates the total volume of trade in services which do not require export licenses, which may be two or three times as high as the volume shown in the trade statistics as calculated by Commerce.

EO 12958,
AS AMENDED
1.5(b)

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NLS MDZ-021# 10

By LOJ, NARA, Date 11/4/03

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The data on oil-company values, the undocumented generalities in the [redacted] listing, and our comments on the volume of services, must all be considered with care and particularity. The oil-company values (Tab 1) seem relatively solid. The asset values in [redacted] (Tab 2) are much less solid. The accuracy of the service-contract estimates is less significant; we know that the impact will be great. Many U.S. companies, however, may hold their assets and contracts in third-country subsidiaries, which will not be affected by the proposed executive order. Furthermore, proof that assets exist does not necessarily mean they will be affected, or that those effects will result in real damages. The proposed executive order does not preclude all steps to avoid or mitigate damages. Libya also has an obligation under accepted commercial law principles to minimize damages. Companies whose assets are illegally seized by Libya may, ultimately, recover through claims or settlements with some future Libyan government.

We have anticipated, moreover, that Treasury may be required to modify the effects of the proposed executive order to avoid undue hardship to American interests. Section 3 of the proposed order provides for the termination of all existing contracts, except to the extent allowed by subsequent regulations. The sectional analysis makes clear this was intended to enable Treasury to avoid undue hardship, to the extent possible consistent with our proposal to bring an end promptly to all commercial relations, and thereby to encourage further the departure of all U.S. nationals from Libya. This power could be used to deal with unanticipated burdens, as well as with some hardships we can expect to arise. Of course, to the extent this exception is used to allow commercial relations to continue, it would effectively qualify the notion that all trade has been ordered to cease. For example, regulations could be designed to avoid Libyan claims of the breach of all existing contracts, thereby triggering Libyan calls on large performance bonds.

→ An alternative approach would be to provide in the regulations that companies with existing contracts would be required to exercise any termination option and would be barred from further performance after six months unless they report on the reasons for non-termination, the hardships that termination would cause, and are granted a license to continue. Those reports would allow us to make an orderly assessment of the costs and decide on whether and to what extent to permit any

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pre-existing contracts to continue. This would greatly reduce the immediate economic costs of a sanctions package. It would also reduce the speed with which U.S. commercial activities in Libya would end. It would not, however, change the effect of the Order on Libya, except to the extent that an immediate termination would impose transitional difficulties for Libya.

a major disadvantage

This approach might in fact deprive Libya of a clear excuse for inflicting substantial economic damage on U.S. companies through forfeitures of performance bonds and assets. Another effect of allowing some continued performance of existing contracts would be to reduce economic pressure on U.S. nationals to leave Libya immediately, but their continued presence would be deterred by the section 1(g) ban on transactions related to travel to or presence in Libya. The significance of this effect depends on whether and when we would want to adopt measures that might put Americans at risk. |||||

In order for you to consider this approach concretely, an alternative package of documents is attached at Tab 3. It would impose all the economic sanctions proposed in our earlier package. The differences are that (1) the section-by-section analysis (p. 4, section 2) explains the six month approach to contract sanctity, (2) the Platt-Poindexter is modified to reflect that change (see revised last sentence of paragraph 2, revised tic 2 on service contracts, and new paragraph 4) and (3) there is a technical change in section 3 of the executive order to simplify the immediate entry into force.

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Drafted by:

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BY ADJ, NARA, DATE 11/4/03Participation of US Oil Firms in Libya^a

<u>Company</u>	<u>Volume of Equity Production</u>	<u>Percent of Company's Worldwide Oil Production and Reserves</u>	<u>Annual Profit^b</u>	<u>Percent of Net Income^c</u>	<u>Book Value of Assets^d</u>
Amerada Hess	35,000 b/d	23/36	\$13 mil	10	\$120 mil
Conoco	70,000 b/d	18/18	\$26 mil	5	\$240 mil
Marathon	70,000 b/d	30/28	\$26 mil	10-15	\$240 mil
Occidental	70,000 b/d	17/28	\$26 mil	8	\$250 mil
W.R. Grace	10,000 b/d	NA	NA	NA	NA

a. Estimated mid-year 1985.

b. Profits on Libyan operation only and based on estimated \$1 per barrel average

profit margin earned on equity liftings in Libya.

c. Reported net corporate income for 1983.

d. Based on industry reporting. These figures do not include the value of profits lost in the event of an abrupt withdrawal from Libya. As a benchmark, Mobil's equity production totalled 30,000 b/d before they left Libya in late 1982, and the company is claiming \$313 million in lost assets and profits in their suit against the Libyan Secretariat of Petroleum and the National Oil Company (LNOC). The combined value of lost profits and assets of the remaining four US oil companies in Libya would exceed \$2.3 billion if a similar valuation method is used. Most physical assets in Libya have been written off for US tax purposes and probably are carried at a small residual book value on corporate balance sheets.

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BY LOT NARA, DATE 11/4/03
US COMPANIES OPERATING IN LIBYA

1. Amerada Hess--\$850 million in assets and 430,000 b/d in oil production capacity of which they receive a share
2. Marathon " " "
3. Conoco " " "
- **** Ammerada Hess, Marathon, and Conoco are the US members of the OASIS partnership.
4. Occidental--perhaps \$250 million in assets and 275,000 b/d of oil production of which they receive a share.
5. Brown and Root--at least \$400 million in contracts as general manager for the GMRP
6. Price Brothers--\$300-400 million in supply contracts for the GMRP
7. Bechtel--via Arabian Bechtel involved in several projects including GMRP
8. National Southwire Aluminum--a major contractor for the Great Man-made River Project
9. Superior--oil services
10. Haliburton--oil services
11. Pool-Intairdril--oil services
12. Reda--oil services
13. C.E. Vetco--oil services
14. Boeing--major supplier to Libyan national airlines before 1982
15. W.R.Grace natural gas and petroleum production
16. Christian--oil services
17. IDC--oil services
18. US Food Development Corporation--agricultural and development
19. Charter Oil--50,000 b/d oil contract cancelled in June 1984
20. Coastal Corporation--probably still taking up to 150,000 b/d of oil
21. Kaiser Engineers and Constructors--a subsidiary of Raymond International
22. McGaughy, Marshall, McMillan and Holmes & Narver (Consultant Firm Joint Venture)--housing development
23. Stone and Webster
24. US El-Paso Company--oil and gas services
25. Scientific Design (New York)
26. Foster Wheeler Italiana (US owned company based in Milan) --oil industry
27. M W Kellogg Company--mining
28. Woodward-Clyde Consultants--\$6 million geotechnical work for GMRP
29. Banker's Trust--a major US correspondent bank for Libya
30. A number of US banks have loaned money to South Korean firms building the GMRP, including Citicorp, Continental Illinois and First Natinal Bank of Chicago--all have loaned at least \$9 million each.
31. General Electric--was to have some dealings in Libya but confirmation is not available.
32. Sofec, Inc.--US subsidiary of British firm Vickers, Ltd., was to supply \$40 million in mooring equipment.

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United States Department of State

Washington, D.C. 20520

MEMORANDUM FOR VADM JOHN M. POINDEXTER
THE WHITE HOUSE

SUBJECT: Imposition of Economic Sanctions Against Libya Under the International Emergency Economic Powers Act and Related Measures

I am transmitting at Tab 1, for consideration at the NSPG now scheduled for Monday, January 6, a draft Executive Order invoking the President's authority under the International Emergency Economic Powers Act (IEEPA) and at Tab 2, a section-by-section analysis describing the Order's provisions.

The draft Order finds that the policies and actions in support of international terrorism by the Government of Libya constitute an unusual and extraordinary threat to the national security and foreign policy of the United States and declares a national emergency pursuant to IEEPA to deal with that threat. The Order is designed to (1) have maximum political impact, (2) reduce sharply or terminate the remaining American citizen presence in Libya, (3) prevent new trade and eliminate trade with Libya under present contracts in a rapid but orderly manner and (4) minimize criticism from our allies and encourage their support.

The draft Executive Order and detailed implementing regulations (being prepared by State and Treasury to be transmitted separately) would authorize the following economic sanctions against Libya:

- a ban on direct export and import trade with Libya, except for food and medicine and donations of clothing intended to relieve human suffering;
- a ban on service contracts in Libya;
- prohibition of all other transactions with Libya or in which Libya has an interest by U.S. nationals and persons in the United States, including travel-related transactions other than those incident to speedy departure from Libya or for journalistic activity;
- a freeze on property in the United States of the Government of Libya; and
- clarification that MFN under the Trade Expansion Act of 1962 and Trade Act of 1974 is inapplicable to Libya.

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BY LOI NARA, DATE 11/4/03

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Companies would be required to exercise any termination option under existing contracts and performance after six-months would not be permitted without a license granted to avoid hardship. This provision would mitigate the substantial economic loss caused by a sudden contract over ride, avoid windfalls to Libya through forfeiture of large amounts in performance bonds and irrevocable letters of credit, and allow time for further efforts to persuade other countries to join in effective multilateral sanctions.

These measures are designed to achieve maximum impact on direct trade and transactions with Libya by U.S. nationals without imposing controversial extraterritorial controls on trade and transactions by third country nationals. If necessary, the Order or regulations could be amended at a later date to prohibit additional transactions.

Under IEEPA, Congress must be consulted in advance of issuance of the Executive Order, if possible, and a report must be submitted to Congress immediately upon issuance. Since Congress is out of session, calls to available leadership would suffice. An attempt should be made, prior to the Order's issuance, to discuss it with at least the leadership of both Houses, and the Chairmen and Ranking Minority Members of the Foreign Affairs Committees, the Trade and Economic Subcommittees of the House Foreign Affairs Committee, and the Senate Banking Committee.

Nicholas Platt
Executive Secretary

Attachments:

- Tab 1 - Draft Executive Order.
- Tab 2 - Section-by-Section Analysis.

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Drafted by:
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EXECUTIVE ORDER

PROHIBITING TRADE AND CERTAIN TRANSACTIONS INVOLVING LIBYA

By the authority vested in me by the Constitution and laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), the National Emergencies Act (50 U.S.C. 1601 et seq.), sections 504 and 505 of the International Security and Development Cooperation Act of 1985, the Export Administration Act of 1979, as amended (50 U.S.C. app. 2401 et seq.) and section 301 of title 3 of the United States Code,

I, RONALD REAGAN, President of the United States of America, find that the policies and actions of the Government of Libya constitute an unusual and extraordinary threat to the national security and foreign policy of the United States and hereby declare a national emergency to deal with that threat.

I hereby order:

Section 1. The following are prohibited except to the extent provided in regulations which may hereafter be issued pursuant to this order:

(a) Any transfer of or transaction in or relating to property in the United States in which the Government of Libya, including its instrumentalities, owned or controlled entities, or persons acting on its behalf, has any interest of any nature whatsoever;

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BY smf, NARA, DATE 1/11/05

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(b) The import into the United States of any goods or services of Libyan origin, other than publications and materials imported for news publication or news broadcast dissemination;

(c) The export to Libya of any goods, technology (including technical data or other information) or services from the United States, except publications and donations of articles intended to relieve human suffering, such as food, clothing, medicine and medical supplies intended strictly for medical purposes;

(d) The provision of transportation services to or from Libya by any U.S. person or any vessel or aircraft of United States registration, or the provision of transportation services to or from the United States by any Libyan person or any vessel or aircraft of Libyan registration;

(e) The engaging by any U.S. person in any service contract in support of an industrial or other commercial or governmental project in Libya;

(f) The grant or extension of credits or loans or the transfer of property or anything of economic value, except Libyan property held abroad prior to the effective date of this Order, by any U.S. person to the Government of Libya, its

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-3-

instrumentalities and controlled entities, or to any Libyan national or entity owned or controlled, directly or indirectly, by Libya or Libyan nationals;

(g) Any transaction by a U.S. person relating to travel by any U.S. citizen or permanent resident alien to Libya or to activities by any such person within Libya after the date of this order, other than transactions necessary to effect any such person's departure from Libya, or travel for journalistic activity by persons regularly employed in such capacity by a newsgathering organization; and

(h) Any transaction by any United States person which evades or avoids, or has the purpose of evading or avoiding, any of the prohibitions set forth in this order.

For purposes of this section, any "United States person" means any United States citizen, permanent resident alien, juridical person organized under the laws of the United States or any person in the United States.

Section 2. In light of the prohibition in section 1(b) of this Order, Section 251 of the Trade Expansion Act of 1962 as amended (19 U.S.C. 1881), and Section 126 of the Trade Act of 1974 (19 U.S.C. 2136) will have no effect with respect to Libya.

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Section 3. The prohibitions set forth in this Order are effective immediately. Except to the extent hereafter provided by regulations, all the prohibitions of this Order shall take effect as indicated notwithstanding any contracts entered into before the date of this Order.

Section 4. The Secretary of the Treasury is delegated and authorized to employ all powers granted to me by the International Emergency Economic Powers Act, 50. U.S.C. 1701 et seq., to carry out the purposes of this order. The Secretary may redelegate any of these functions to other officers and agencies of the Federal Government. All agencies of the United States Government are directed to take all appropriate measures within their authority to carry out the purposes of this order, including the suspension or termination of licenses or other authorizations.

This Order shall be transmitted to the Congress and published in the Federal Register.

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ANALYSIS OF PROPOSED EXECUTIVE ORDER

Overall Impact

Our current exports of approximately \$300 million per year consist primarily of machinery and transportation equipment, manufactured goods for industrial uses and foodstuffs, all of which are available to Libya from non-U.S. sources. We already deny licenses for export of most national security controlled items; for goods or technical data which could contribute directly to the Ras Lanuf petrochemical complex; for aircraft, large off-road vehicles and parts because of the high risk of diversion by Libya for military activities; and for oil and gas technology and equipment not available from third-country sources. On the import side, we recently expanded our 1982 ban on Libyan crude oil to include import of Libyan refined petroleum products. Our remaining imports of just under \$5 million per year consist mainly of alcohols and related products.

The Order and proposed regulations would prevent any new trade and begin the process of reaching the trade remaining under binding existing contracts, including the large volume of trade in services contracts. It would not reach trade with Libya by the foreign subsidiaries of U.S. companies. It should result in the sharp reduction or withdrawal of the remaining American citizen presence in Libya by banning transactions for travel to or in Libya, except for journalism and any licensed "hardship" travel. The Order also freezes Libyan Government assets in the United States. Unlike the Iranian situation, where Iranian assets in the United States were greater than U.S. assets in Iran, U.S. business assets in Libya are estimated to far exceed the Libyan assets in the United States of about \$200 million. Action under the Order will probably result in reciprocal restrictions on U.S. business assets in Libya, or outright seizure.

Violations of the Order are subject to civil penalties not to exceed \$10,000 and criminal penalties of not more than \$50,000 and imprisonment for not more than 10 years or both.

Section by Section Analysis

Paragraph One

Although all the actions in the Order may be taken under the International Emergency Economic Powers Act, the Order also is expressly based upon the President's constitutional

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BY LOI NARA, DATE 11/4/83

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authority, the new export and import sanction authorities provided by the International Security and Development Cooperation Act and the Export Administration Act.

Paragraph Two

The Order finds that the policies and actions in support of international terrorism by the Government of Libya constitute an unusual and extraordinary threat to the national security and foreign policy of the United States and declares a national emergency pursuant to IEEPA to deal with that threat. Invoking two of the three possible grounds provided under IEEPA -- threat to the national security and foreign policy -- follows the Nicaragua precedent. The earlier Iran emergency additionally invoked a threat to the U.S. economy.

Section 1(a)

This section would block all assets in the United States of the Libyan government and its controlled entities. This would not block Libyan deposits in overseas branches of U.S. banks, since such reach of the Iran regulations provoked difficult lawsuits abroad and conflict with the host governments. Assets would be unblocked by license as appropriate to allow the operations of the Libyan UN Mission and other activities we are required or choose to permit. This asset freeze is restricted to government assets to mitigate the serious damage to investor confidence that asset freezes tend to cause.

Section 1(b)

This provides the import element of the Order's comprehensive direct trade ban. Prohibition of import of goods of Libyan origin might reach some trade of Libyan commodities through third countries, as would Section 1(h), which deals with evasion. In some instances, such as Libyan origin petroleum products mixed in European tank farms and included in subsequent reshipment, strict enforcement cannot be realistically contemplated without unacceptably burdening the international trading system. We contemplate that enforcement will be handled as it is under the present import ban on such products. The exception for news material follows the Iran precedent.

Section 1(c)

This provides the export element of the Order's comprehensive direct trade ban. Like the Nicaragua order, but unlike typical earlier controls, this ban will not reach

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re-exports of U.S. origin goods from third countries if those goods "come to rest", are incorporated in third country products as components or are substantially transformed abroad. This avoids the extraterritoriality problems of U.S. controls over the export of a foreign manufactured product because of a small amount of U.S. componentry. The Order would not, however, supercede the existing system of export controls on Libya already in place, e.g., relating to national security controlled items or oil and gas technology, which remain subject to the regular re-export control system of the Export Administration Act. The Order's ban on exports to Libya does not apply to donations of food and medicine and clothing intended to relieve human suffering, in light of the corresponding limitation on the President's authority to do so under IEEPA. This limitation can be removed if militarily required.

Section 1(d)

This section provides a transportation services ban.

Section 1(e)

This section bans service contracts in Libya, such as oil field operation contracts and major construction engineering and management. It deals with one of the major elements of U.S.-Libya trade remaining and a principal source of U.S. citizen presence in Libya. However, much trade in services is by foreign companies, including subsidiaries of U.S. companies.

Section 1(f)

This section imposes a comprehensive freeze on financial transactions benefitting the Libyan government or in which Libya has an interest as well as transactions benefitting Libyan nationals. It is not intended to reach transactions such as withdrawal of Libyan deposits from foreign branches of U.S. banks, ordinary transactions by Libyan students living in the U.S., proper transactions by the Libyan U.N. Mission, donations permitted in accordance with section 1(c), and medical services contracts permitted under 1(e). Regulations will assure that it is administered consistently with this purpose.

Section 1(g)

This section bans transactions for travel to Libya. Under U.S. law, the President is not presently authorized directly to compel U.S. nationals to cease travel to, through, or in Libya. Nor can we threaten prosecution for the travel itself.

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- 4 -

Although we can bar the economic activity necessary for travel, and prosecute for violations (subject to difficulties of proof), some Americans may nevertheless remain in Libya either because Qadhafi may prevent their departure or because they may decide to defy a transaction ban. However, this control together with further tightening of passport controls and strong Presidential statements, should substantially reduce the American presence there. The section makes the exception for journalism which has become our standard practice and was made under the IEEPA controls for Iran during the hostage crisis.

Section 1(h)

This is drawn from the Iran precedent and is intended to facilitate enforcement of the basic prohibitions.

"United States person"

In order to avoid the acute problems arising under other U.S. controls which have applied to "any person subject to the jurisdiction of the United States", a term usually defined in U.S. regulations to include foreign companies owned or controlled by U.S. nationals, this Order is drafted to apply its principal prohibitions to "U.S. persons", who are defined to include, in addition to U.S. citizens and permanent resident aliens, only those companies and other legal entities which are organized under U.S. law and thus generally recognized by our allies as being subject to U.S. regulation in their overseas activities.

Section 2

Although the MFN tariff treatment automatically granted by U.S. statutes to most countries is meaningless when imports themselves are barred, Section 2 will remove the political issue of Libya theoretically remaining entitled to MFN. The Order does not expressly terminate the theoretical Libyan entitlement to avoid unnecessary departure from our tradition of not withdrawing MFN tariff treatment as a foreign policy sanction.

Section 3

This section makes the order immediately effective. Its existing contract provision is to be implemented by regulations allowing continued performance of contract obligations only in

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limited circumstances. During a six month initial period, companies are required to exercise any legal termination option, justify non-termination, and report on the costs which mandatory non-performance would entail. After six months, licenses would be required for any further performance. In the interim, it would be decided whether and to what extent reported hardships justify further periods to wind down the remaining business relationships with Libya.

Section 4

This section makes the standard delegation of IEEPA authorities to the Secretary of the Treasury. The Secretary implements these controls in close cooperation with the Secretary of State.

Congress

The Order states that it is to be transmitted to Congress. In addition, IEEPA requires that, wherever possible, the President consult with the Congress prior to using IEEPA authorities. He is also required to report immediately to Congress when he uses them. Both these obligations can readily be satisfied, and the need to act is particularly strong where the result may reduce the number of Americans exposed to Libyan actions.

Current listing of: T8333:3
Slug:LIBYA: FURTHER REPORTAGE ON AL
Category:FBIS

01/05/86 17:40 Page: 1
Date: 01/05/86 17:30:46
Story: 059 (SECOND REOPENE

///TO AMERICAN INTERESTS

LD052122 TRIPOLI JANA IN ARABIC 2035 GMT 5 JAN 86

(EXCERPT) TRIPOLI, 5 JAN (JANA) -- THE BROTHER LEADER HAS AFFIRMED THAT IF AMERICA COMMITS AGGRESSION AGAINST US, THEN WE WILL COMMIT AGGRESSION AGAINST IT INSIDE AMERICA ITSELF; AND IF AMERICA OR THE ISRAELIS DO ANY HARM TO ANY PALESTINIAN LIVING IN LIBYA, WE WILL DO HARM TO AMERICAN AND ISRAELI CITIZENS IN THEIR OWN PLACES. IN SUCH A CASE, WHAT WE DO WOULD BE LEGITIMATE AND SELF-DEFENSEIVE.

THE LEADER SAID THAT WE HAVE FRIENDS EVERYWHERE: ARABS, PALESTINIANS, TURKS, ARMENIANS, IRISH, FRIENDS FROM LATIN AMERICA, IRANIANS, MUSLIMS THROUGHOUT THE WORLD, THE GREEN PEACE MOVEMENT, AND MANY AMERICAN FRIENDS.

CONCERNING THE SITUATION OF THE AMERICANS LIVING IN LIBYA, THE BROTHER LEADER SAID: YOU CAN GO TO THEM AND ASK THEM. THEY ARE HAPPY AND THEY DO NOT WANT TO RETURN TO AMERICA, THE COUNTRY OF TERRORISM AND EXPLOITATION. EACH MINUTE IN AMERICA, A NUMBER OF HUMAN BEINGS ARE KILLED; BUT IN LIBYA, A MAN FEELS THAT HE IS A MAN, A HUMAN BEING. THESE AMERICANS ARE OUR GUESTS AND THEY WILL NOT BE HARMED. TO A QUESTION ON WHETHER THE LIBYAN ARAB FORCES ARE IN A STATE OF ALERT, AND WHEN SUCH A STATE WILL END, THE LEADER REPLIED: SO FAR, WE REMAIN ON A STATE OF ALERT, AND THIS STATE OF ALERT WILL END WHEN THE AMERICAN AND ZIONIST THREAT IS REMOVED. WE DO KNOW THAT AMERICAN FLEETS AND AMERICA'S BASES IN THE MEDITERRANEAN ARE CLOSE, AND WE MIGHT INFLICT A SEVERE DEFEAT ON THE UNITED STATES IF LIBYA IS ATTACKED. FROM NOW WE WARN: IT IS A DANGEROUS GAME.

TO A QUESTION ON WHETHER THERE IS DIRECT CONTACT WITH ANY AMERICAN OFFICIAL ON THE CURRENT SITUATION, THE LEADER SAID: THERE IS NOT ANY NOW; WE ARE READY TO HEAR FROM AMERICA AND WE HAVE NOTHING TO CHANGE AND NOTHING TO DO. AMERICA MUST CHANGE ITS POSITIONS TO REACH UNDERSTANDING WITH US. HOWEVER, I KNOW THAT AN AMERICAN AMBASSADOR CONTACTED US RECENTLY PROPOSING THAT A RELAXATION OF TENSION START IN TRADE DEALINGS, THAT WE START WITH TRADE MATTERS. WE HAVE NO OBJECTION, BUT WHAT IS HAPPENING NOW IS QUITE THE OPPOSITE AND IT IS FEARED THAT AMERICA LACKS CREDIBILITY.

AT THE PRESS CONFERENCE, THE BROTHER LEADER EXPLAINED THAT WE SUPPORT THE STRUGGLE OF THE PALESTINIAN ARAB PEOPLE...FROM WHERE DID THE GROUP WHICH ATTACKED THE ROME AND VIENNA AIRPORTS OBTAIN THE WEAPONS, THIS IS SOMETHING THAT CONCERNS THE FEDAYEEN...BUT WE

1 REFUSE TO CALL THE PALESTINIAN ACTION TERRORISM AND THE PALESTINIAN ORGANIZATIONS CATEGORICALLY REFUSE TO BE CALLED TERRORIST ORGANIZATIONS BECAUSE THIS IS A DANGEROUS SLOPE....(SENTENCE AS RECEIVED)

THE LEADER ADDED THAT AMERICA SUPPORTS ZIONISM, AND THIS MEANS THAT AMERICA IS COMMITTING THE CRIME OF ANNIHILATING THE PALESTINIAN PEOPLE IN THE NAME OF ELIMINATING TERRORISM. THE BROTHER THE LEADER POINTED OUT IT IS THE RIGHT OF YASIR 'ARAFAT TO CONSIDER THE AMERICAN PRGSDIENT A TERRORIST SO LONG AS REAGAN CONSIDERS HIM A TERRORIST. HE SAID IF YOU CONSIDER US TERRORISTS, THEN WE CONSIDER YOU TERRORISTS; IF YOU FIGHT US, WE WILL FIGHT YOU. HE EXPLAINED THAT IT DOES NOT BRING UNDERSTANDING IN THE WORLD IF EVERYONE RESORTS TO THE MEANS AVAILABLE TO HIM, AND SINCE WE DO NOT POSSESS B-52 BOMBERS OR AIRCRAFT CARRIERS THAT WOULD REACH THE SHORES OF AMERICA, THEN WE POSSESS FEDAYEEN PEOPLE...OUR BOMBERS AND OUR AIRCRAFT CARRIERS ARE THE FEDAYEEN WHO ARE CAPABLE OF ENTERING ANYWHERE...BECAUSE AMERICA BELIEVES THAT IT CAN ENTER ANY PLACE, WE ALSO CAN REACH ANYPLACE, NOT WITH AIRCRAFT CARRIERS OR WITH BOMBERS BUT WITH SUICIDE SQUADS. I MEANT THESE WORDS WHEN I DECLARED THAT WE SHALL ACT INSIDE THE STREETS OF AMERICA, BUT FROM MY POINT OF VIEW, I CONSIDER THIS TO BE A DANGEROUS TURNING POINT AND THAT THE WORLD MUST REACH UNDERSTANDING BY OTHER MEANS, SINCE IT IS EASY TO DEMOLISH THE WORLD BUT DIFFICULT TO BUILD A CIVILIZATION (WORD INDISTINCT) AS WE HAVE REACHED THIS STAGE OF CIVILIZATION OF MANKIND AFTER HUNDREDS OF YEARS OF WORK, BUT IN A MATTER OF HOURS IT IS POSSIBLE TO DEMOLISH WHAT WE HAVE BUILT, THIS IS MADNESS....

THE BROTHER THE LEADER SAID WHAT IS TAKING PLACE AGAINST LIBYA AND THE PALESTINIAN PEOPLE AND THE ARAB NATION IS TERRORISM. AND IF YOU ARE MAD AND TERRORISTS THEN WHEN THE AGGRESSION TAKES PLACE AGAINST US WE SHALL ACT IRRESPONSIBLY AND OUR MOTIVATION WILL BE REVENGE. (AS RECEIVED)

5 JAN 2222Z JR

ROUTING

TOP SECRET

To	Name and Address	Date	Initials
1	John Poindexter		
2	THE PRESIDENT		
3	<i>Don Fortiger</i>		
4	-		
5			
6			

TOP SECRET

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 North (#3)
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 McDaniel (#6)
 Morton (#7)

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NSC INTELLIGENCE DOCUMENT

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NLS F95-023/1 #168

BY anf, NADA, DATE 1/11/05



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THE WHITE HOUSE
WASHINGTON

NLS F95-023/1 #168

BY anf, NARA, DATE 1/11/05

January 4, 1986

TOP SECRET

MEETING WITH THE NATIONAL SECURITY PLANNING GROUP

DATE: January 6, 1986

LOCATION: White House Situation Room

TIME: 11:00 a.m. - 12:00 noon

FROM: John M. Poindexter 

I. PURPOSE

To decide upon U.S. actions for dealing with Libyan support for international terrorism.

II. BACKGROUND

Since the Rome/Vienna terrorist attacks on December 27, the CPPG and various subgroups have met to develop an inter-agency approved action plan for dealing with Libya. This effort has resulted in a phased four-step strategy:

- immediate economic and political sanctions;
- naval movements to signal U.S. resolve;
- military strikes against targets in Libya; and
- acceleration of ongoing programs aimed at Libya.

The agenda at Tab A permits the NSPG principals to review events and discuss the plan. Though the strategy paper at Tab B was prepared by the NSC, it has been thoroughly considered by the CPPG Department/Agency representatives. Secretary Weinberger's Military Actions paper (Tab C) has been very closely held and has not been distributed. Talking points for your use are at Tab D.

This meeting is crucial. Qadhafi's complicity in the death of the Americans at the Rome and Vienna airports is undeniable, and presents us with an important opportunity. There is unlikely to be another clear-cut case such as this to implement an integrated political, economic and military strategy against Libya in the foreseeable future.

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cc Vice President
Don Regan

Your comments could address several critical factors:

- The need for immediate implementation of stringent economic and political sanctions.
- Should the U.S. use force to stop these provocations and end Libyan-sponsored terrorism?
- Should our options for using force include high technology military resources to reduce our own risks? What are the pros and cons?
- The absolute necessity for discipline in maintaining the security of the NSPG decisions and subsequent actions.

III. PARTICIPANTS

The President
 The Vice President
 Secretary Shultz
 Secretary Baker
 Secretary Weinberger
 Attorney General Meese

Director Casey
 Director Miller
 Donald T. Regan
 John M. Poindexter
 Admiral William Crowe
 Donald R. Fortier

IV. PRESS PLAN

None.

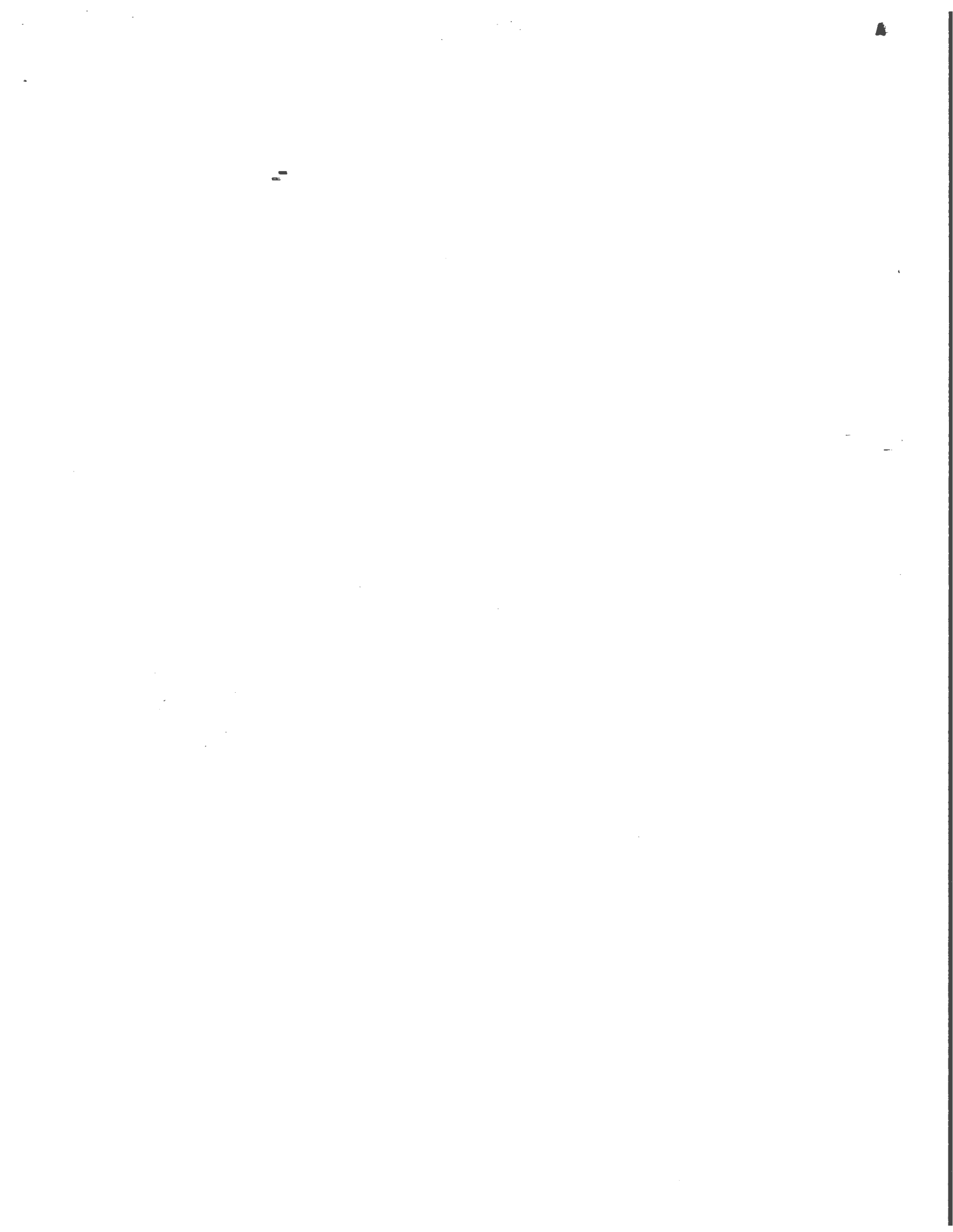
V. SEQUENCE OF EVENTS

See agenda at Tab A.

Prepared by:
 Oliver L. North
 James R. Stark
 Howard R. Teicher

Attachments

- Tab A - Agenda
- Tab B - NSC Strategy Paper
- Tab C - Military Actions Paper from Secretary Weinberger
- Tab D - Talking Points



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NATIONAL SECURITY PLANNING GROUP
January 6, 1986
White House Situation Room
11:00 a.m. - 12:00 noon

AGENDA

- I. INTRODUCTION VADM Poindexter
(5 minutes)
- II. INTELLIGENCE UPDATE Director Casey
(5 minutes)
 - A. Qadhafi Linkages to Terrorism
 - B. [REDACTED]
 - E.O. 12958
 - As Amended
 - Sec. 1.4c
- III. DIPLOMATIC SITUATION Secretary Shultz
(10 minutes)
 - A. International Reaction to Rome/Vienna Attacks
 - B. U.S./Western Presence in Libya
- IV. RECOMMENDED COURSE OF ACTION VADM Poindexter
(5 minutes)
 - A. Economic and Political Sanctions Secretary Shultz
Secretary Baker
(5 minutes)
 - B. Military Actions Secretary Weinberger
Admiral Crowe
(5 minutes)
- V. DISCUSSION OF OPTIONS All
(20 minutes)
- VI. CONGRESSIONAL LIAISON/PUBLIC VADM Poindexter
AFFAIRS GUIDANCE AND CONCLUSION (5 minutes)

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NLS F95-02311 #169
By anj, NARA, Date 11/1/05

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Acting Against Libyan Support of International Terrorism

ISSUE

How to act against Libyan support of international terrorism.
(S)

FACTS

Libyan support of international terrorism is well-known and fully documented. In the instant case, a growing body of evidence and intelligence information argues that the the December 27 attacks in Rome and Vienna were carried out by the Abu Nidal terrorist group with the direct support of the Libyan government.

~~ACTED~~

~~REDACTED~~

~~REDACTED~~

~~TED~~

~~RE~~

~~ACTED~~

~~REDACTED~~

~~REDACTED~~

DISCUSSION

The tempo of terrorist activity against Western targets is accelerating with Americans being increasingly victimized along with Israelis and Europeans. While the objectives of specific terror operations may vary, such activity is clearly aimed at undermining U.S. influence and policy throughout the region. At the same time, Arab radicals such as Qadhafi exploit terror to advance their own goals in a climate where they calculate the United States cannot or will not respond. (S)

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By am, NARA, Date 1/11/05

E. O. 12958
As Amended
Sec. 1.4c ↓ 1.4d

following ways: preventing the departure of some U.S. or European citizens, military action against U.S. forces in the area, Libyan-sponsored terrorism in Europe or even in the U.S. Moreover, even if Qadhafi pulls back momentarily, Abu Nidal or others supported by Syria or Iran may lash out in defiance of Western efforts. We must therefore be prepared to sustain resolve in a fluid and volatile environment in which further U.S. military actions likely would become necessary. (TS)

E. O. 12958
As Amended
Sec. 1.4

~~REDACTED~~
~~REDACTED~~
~~REDACTED~~
~~REDACTED~~
~~REDACTED~~
~~REDACTED~~

CONCLUSION

Ideally, a successful anti-terror campaign in Libya could lead eventually to the fall of Qadhafi, denial of access to Libyan facilities for the Soviet Union, a major disruption of the international terrorist network, a significant weakening of the radical anti-U.S. axis in the Middle East and improved prospects for the peace process. At the same time, we must bear in mind the likelihood of initial Allied non-cooperation and the possibility that limited military actions could stimulate some additional terrorism, strengthen Qadhafi internally by arousing nationalist sentiment, generate rhetorical support in the Arab world and stimulate enhanced Soviet support of its client. While we do not expect Moscow to intervene militarily in support of Qadhafi (perhaps illustrated already by Tass references to "Libya's independent policy"), we can anticipate that the Soviets will seek to reap propaganda and political benefits. Undoubtedly, the Soviet response will be colored by their expectations for evolving U.S.-Soviet relations. (S)

Prepared by:
Howard R. Teicher



~~TOP SECRET~~
THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA

31 DEC 1985

John
MEMORANDUM FOR THE ASSISTANT TO THE PRESIDENT FOR
NATIONAL SECURITY AFFAIRS

SUBJECT: Response to Recent Terrorist Attacks

~~(TS)~~ Attached is a JCS assessment of force options for retaliation in response to the terrorist attacks in Rome and Vienna. The assessment is confined to targets in Libya, in view of indications that the Abu Nidal organization is probably responsible and that Libya provides support for Abu Nidal's group as well as for scores of other terrorist acts.

~~(TS)~~ For any retaliatory strike to be defensible it must meet certain criteria: (1) There must be linkage; that is to say, a relationship between the strike and the events which inspired it, and the strike should be directed at those who sponsored the offense. (2) There must be sufficient proportionality. Repeated assessments of retaliatory options have shown there to be a severe paucity of suitable terrorist-related targets anywhere. Fixed targets are commonly unoccupied during optimum strike times, or are often located so as to invite unacceptable collateral damage.

~~(C)~~ On the other hand, we should keep in mind that the sponsorship of terrorist acts by sovereign states can be considered acts of aggression committed by these states. In this view, we are legally entitled to proportional responses against the sponsoring state, not just against the terrorist group itself, if we have clear evidence that Libya, in this case, actually sponsored the terrorist acts.

~~(TS)~~ Each of the force options analyzed by JCS has its risks. And there are also political drawbacks to be considered. By a dramatic action, such as envisioned in these options, we actually may enhance the stature of Qhadafi. We've seen time and again Arabs rally around their "brother Arabs" no matter how wayward, when Arab "honor" seems to be at stake. A series of recent events have harmed our relationships in the Middle East and our ability to promote the peace process (Jordan and Saudi arms-sales problems, Tunis raid etc.).

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By CS, NARA, Date 11/14/85

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(TS) Also, it seems doubtful that a strike against a target in Libya would help decrease terrorism. Israel always retaliates but they are subject to at least as many terrorist attacks as anyone else. Qhadafi's response might be to launch new, major acts of terrorism. By contrast, a change of government in Libya would promise a systemic reduction in world-wide terrorism.

(TS) I believe that the most effective method of eliminating Qhadafi's terrorist role lies in a major revision [REDACTED]

1.4a

(TS) To accomplish a lasting and beneficial change in Libya that ultimately could bring an end to Libyan state-sponsored terrorism, we should develop measures [REDACTED]

1.4c

(TS) In addition, we should:

- (1) Take new steps to urge the US citizens still in Libya to leave. (The Administration can put pressure on US companies that still employ U.S. citizens in Libya.)
- (2) Intensify the economic restrictions against Libya.
- (3) [REDACTED]
- (4) Prepare a declassified version of our information on Libyan sponsored terrorism for public use, to educate American, European and Japanese public opinion.
- (5) [REDACTED]

1.4d

1.4e

(TS) If the decision were made to carry out one of the retaliatory options listed in the attached JCS memo, a number of problems would have to be addressed.

1.4c

(1)



But as timing of a possible US retaliatory strike does not seem crucial, it would be prudent to let a few days elapse if such a strike were to be undertaken.

- (2) If the F-111 aircraft in the UK are to be used, the White House would have to obtain permission from the Prime Minister. (The F-111 would leave from, and return to the UK; in addition, tankers would have to be brought in from the U.S.)
- (3) We need to notify our key NATO allies, plus Egypt, Tunisia, Jordan and Saudi Arabia that we are carrying out the retaliatory strike and seek their political support. The notification should be delivered just moments prior to the time when Libya would detect the strike.
- (4) We must keep in mind that Israel may decide on its own to carry out some military response to the airport terrorism--directed against Lebanon or Libya. If the US carried out military action, Israel might also seek to mount its own operation to give it the appearance of a joint, coordinated US-Israeli response. We would need to decide,



1.4d

(U) Finally, I hope it goes without saying, that whatever the President decides we are ready and eager to do, and to do it with maximum effectiveness.

Attachment

~~REDACTED~~

~~REDACTED~~

~~REDA~~

~~REDACTED~~

~~REDACTED~~

~~REDACTED~~

~~REDACTED~~

~~RED.~~

~~REDACTED~~

~~REDACTED~~

~~REDACTED~~

~~REDACTED~~

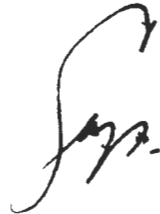
~~REL.~~

~~REDACTED~~

~~REDACTED~~

~~REDACTED~~

(U) Finally, I hope it goes without saying, that whatever the President decides we are ready and eager to do, and to do it with maximum effectiveness.



Attachment

WJH
4/21/68



~~TOP SECRET~~

THE JOINT CHIEFS OF STAFF
WASHINGTON D.C. 20301

JCSM-435-85
31 December 1985

MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subject: Retaliatory Actions Against Libya (TS)

1. (TS) In response to your tasking, the Joint Chiefs of Staff have reviewed the events associated with the terrorist attacks at international airports in Rome, Italy, and Vienna, Austria, and possible military responses. Emerging information seems to indicate a more direct linkage between the terrorists, Syria, and Iran. The Chiefs believe that some type of linkage between the terrorists and the government of Libya must be established as a precursor to direct military action, even if only to establish general state sponsorship.

2. (TS) Assuming such a linkage, we developed the following criteria for selecting prospective retaliatory targets. Ideally the target would:

[REDACTED]

1.4 (a)

With these criteria in mind the JCS examined our Libyan target base to identify targets that first, could be connected to terrorism in some fashion, and second, [REDACTED] that appear to best meet the criteria.. No strictly [REDACTED] targets were considered because they did not appear appropriate as a retaliatory response. Likewise, [REDACTED]

1.4 (a)

[REDACTED] For a breakdown of the pros and cons of each target examined see the attached appendix.

3. (TS) Frankly the terrorist targets were disappointing. Only three could be linked with terrorist training and appeared worthy of consideration. The [REDACTED]

[REDACTED]

1.4 (c)

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CIS, NARA, Date 10/27/05

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Moreover neither of these camps have "high visibility" or valuable facilities. Much of the area of these targets is devoted to physical conditioning and maneuver training. It is not clear what function the buildings perform and it would probably be difficult to determine the extent of damage caused by an attack. Put simply our intelligence is not adequate to confirm the true value of these targets. In this regard we considered

1.4(a)

4. (TS) On the other hand, there are a number of targets which better satisfy the criteria. The target that stands out is

REDACTED

REDACTED

1.4(a)

REDACTED

REDACTED

5. (TS) The remaining targets are listed in order of preference in the appendix.

REDACTED

1.4(a)

6. (TS) As to the type of strike the JCS quickly eliminated a number of options. There are only two TLAM(C) weapons at sea in the Mediterranean with warheads. It was the Chiefs' opinion that we desired more damage than these weapons would deliver. Likewise, a B-52 option was considered overkill and unduly vulnerable. The response which recommends itself from both the standpoints of damage level and low risk

1.4(a)

[REDACTED]

7. (TS) It is the opinion of the Chiefs that such a strike would offer the best prospects for surprising the defenses and keeping the risks low. We believe that the Libyan air defense system while possessing some impressive equipment leaves a great deal to be desired. Operators are not well trained, [REDACTED], the systems are not fully manned, [REDACTED]

1.4 (cc)

[REDACTED]

8. (TS) As an alternative to the [REDACTED]

[REDACTED]

1.4 (d)

9. (TS) Forward deployment to USEUCOM AOR [REDACTED]

[REDACTED]

1.4 (a)

The study should be completed in the latter part of January and I will brief you on the recommendations.

10. (TS) In conjunction with our recommended military option, the Chiefs believe LTG Vesser's terms of reference for our ongoing bilateral cooperation discussion should be expanded to indicate [REDACTED]

[REDACTED]

For the Joint Chiefs of Staff:

1.4 (d)

William J. Crowe, Jr.

WILLIAM J. CROWE, JR.
Chairman
Joint Chiefs of Staff

Attachment
a/s

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THEMES FOR THE PRESIDENT

It would be very beneficial if you were to weave the following themes into your comments during the NSPG:

- Our allies must understand that this time we are truly serious. If they won't help, they must realize we will have to take progressively stronger action ourselves.

- We need more systems -- like long-range cruise missiles -- that give us the option to strike terrorists accurately without harming ourselves or innocents. We have to show we have technology to compete with terrorists.

- Can't overemphasize my anger and dismay over leaks of our military plans. This constrains our options.