

~~SECRET~~

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

82-0287/4

National Intelligence Officers

DDI #1558-82
24 February 1982

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM : National Intelligence Officer for Near East-South Asia

SUBJECT : 25 February NSC Meeting on Libya

1. The following comments are germane to the National Security Council position paper being circulated for the 24 February NSC meeting on Libya:

A. On page 6, paragraph 2, the comment is made in relation to a unilateral boycott that: "We therefore do not expect this step to have a profound or long-lasting effect on the Libyan economy, although Libya will probably be forced to lower the price of its oil somewhat in order to attract new customers." Although the amount of oil being talked about is relatively small (only about 50,000 barrels per day), the current soft oil market would in fact render it difficult rapidly to attract alternate customers, even with a price reduction.

B. On page 5, last paragraph, the statement is made that "There is interagency agreement, that -- following careful consultations with Congress, our allies and affected countries, and an accompanying public affairs strategy that focuses on the broad Libyan threat -- we should implement a US boycott of Libyan oil, unless a review of these consultations leads to the conclusion that we should not go ahead." As indicated in my previous memorandum on Task Force meetings, this statement glosses over a considerable amount of reluctance to this step by various agencies -- most specifically Treasury, Commerce, and some elements in DOD, NSC, and State NEA. It would be most accurate to say they have been brought around to accepting the view that some sanctions have already been mandated by previous NSC deliberations, and that the proposed courses of action are the least damaging available.

2. I recommend utilizing the talking points at Tab B for any statement you may wish to make. These have been updated. I also suggest you may wish to emphasize the following specific points:

~~SECRET~~

B223

A. The terrorist threat against high level United States officials may have receded temporarily, but there is no evidence that it has been terminated by Qadhafi as a matter of policy.

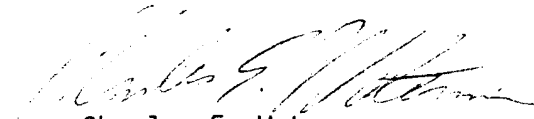


25X1

C. A number of reports, which are considered credible, indicate Qadhafi intends to oppose any US incursion below the 32'30" line in the Bay of Sidra with force. Plans for such an operation, presumably in June, must take this likelihood into account.

D. It must be well understood that the economic measures contemplated are overwhelmingly symbolic in impact only, and that this judgment has been made in a coordinated intelligence community estimate.

3. Assuming the recommended economic measures are decided upon, there will be requests to CIA for sanitized material for use with Congress, third countries, and possibly publicly.



Charles E. Waterman

SECRET

Distribution:

Orig - DCI
1 - DDCI
1 - ER
1 - DDI
1 - C/NIC
1 - NIO/NESA
1 - DDI Reg.