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WITHDRAWAL SHEET
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Collection: OAKLEY, ROBERT: Files

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File Folder: Libya

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Date: 11/30/00

Wills/F97-108/2

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
~~1. Memo~~	~~Stephen Danzansky to Colin Powell, re: Economic Sanctions on Libya, 2p.~~ R 4/17/06 F97-108/2 #84	~~8/11/88~~	~~P1/B1~~
2. Memo	Oakley to the Files, re: Libyan and American Private Sector Rulers, 1 p. D " " #85	8/15/88	P1/B1
3. Memo	Sharon Wiener to the Files, re: Libyan Request to for Contact with USG, 1 p. Part. 8/15/01 F97-108/2 #86	n.d.	P1/B1, B6

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].
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B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

PENDING REVIEW IN ACCORDANCE WITH E.O. 13233

Ronald Reagan Library

Collection Name OAKLEY, ROBERT: FILES

Withdrawer
CAS 4/17/2007

File Folder LIBYA

FOIA
F97-108/2

Box Number 91845

ID	Doc Type	Document Description	No of Pages	Doc Date	
~~1~~	~~MEMO~~	~~STEPHEN DANZANSKY TO POWELL RE ECONOMIC SANCTIONS ON LIBYA (#84)~~	2	8/11/1988	OPENED 08/04/2009 GC

Oakley

~~CONFIDENTIAL~~ 5857

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

INFORMATION August 11, 1988

MEMORANDUM FOR COLIN L. POWELL

FROM: STEPHEN I. DANZANSKY

SUBJECT: Economic Sanctions on Libya

Issue

Whether the USG should modify the Libyan sanctions to allow U.S. oil companies to regain control of their assets in Libya, subject to continuing restraints on U.S personnel, services and trade.

Background

U.S. oil companies (Marathon, Conoco, Occidental, Amerada Hess and Grace) have assets in Libya which, under current U.S. sanctions, they can neither use nor dispose of. The assets are large: investments are over $1.5 billion; U.S. companies have rights to an estimated one billion barrels of oil.

To protect their interests, and with USG approval, on June 30, 1986 the companies entered into three-year standstill agreements with Libya. This was part of an understanding with our NATO allies and Japan to exert pressure on Libya's oil industry and not "fill in" behind U.S. companies. During the standstill which releases the companies from their contractual obligation to work the concessions, Libya is producing and selling the American companies' oil for Libya's sole benefit. The agreements have resulted in a $200 million windfall to Libya, as Libya continues to market the oil successfully but has no obligation to pay the U.S. companies their equity share. Our allies have abandoned almost completely their measures against Libya's oil sector and would be prepared to assume U.S. assets were they to become available.

Unless U.S. policy is changed, the companies believe Qadhafi will be in a strong legal position to seize their assets when the standstill agreements expire June 30, 1989.

Policy Debate

The U.S. companies have approached several departments (including State, Treasury and NSC) asking that the sanctions be modified to put the oil companies on an equal footing with other U.S. companies (which are allowed to operate in Libya through foreign subsidiaries).

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NLS F97-108/2 #84
BY LOI NARA, DATE 4/7/06

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George Shultz is thought to be sympathetic to modifying the sanctions although he is getting conflicting advice from his staff. EB and NEA favor a change because current policy actually helps Qadhafi while jeopardizing the long-term interests of U.S. companies in Libya. S/CT opposes any change as sending the wrong signal at a time Libyan involvement in terrorism is increasing. Shultz should make a decision shortly.

NSC staff favors modifying the sanctions to allow U.S. companies to either regain control of their Libyan assets or to sell them. (Our current policy allows them only to sell to majority Libyan companies to prevent other companies -- mainly European -- from filling in behind us.) A change in our sanctions policy would:

-- eliminate a $100 million dollar annual windfall to Qadhafi;

-- help ensure that U.S. companies are not eliminated from one of the world's richest oil provinces;

-- help ensure a U.S. corporate presence for the post-Qadhafi period;

-- treat the oil companies the same as the USG treats other U.S. companies with interests in Libya.

Libya's continued involvement in terrorism is a serious problem but one we should handle separately from the oil sanctions issue which has reached the point of hollow symbolism rather than effective counterterrorism. (See Bob Oakley's separate memo of August 9.)

(see note)

Barry ~~Kelly~~ and Bob Oakley concur.

Prepared by:
Eric Melby

Note from Barry Kelly: I concur that we should modify our Libya sanctions to allow U.S. oil companies to regain control of their assets in Libya but, since its not that urgent, I would prefer to hold off on any action until Bob Oakley has had a chance to follow through on his plan (System II #90643) to convene a small group of Administration officials to work out an approach to Qadhafi that would take into consideration a broad scope of issues.

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United States Department of State

Washington, D.C. 20520

FOIA(b) (1)
FOIA(b) (6)

DECLASSIFIED IN PART
NLS F97-108/2 #86
By CJ, NARA, Date 8/15/01

Memorandum
~~Confidential~~

July 13, 1988

Bill Burns

TO: The Files

FROM: NEA/AFN: Sharon Wiener

SUBJECT: Libyan Request for Contact with USG

I met July 12 with [redacted] He asked to meet with me to report on his recent discussions with Libyans.

After providing some background on his previous involvement on the Libya issue (including a trip to Libya in February 1986), [redacted] said he was contacted about three weeks ago by [redacted] At his request, [redacted] met in Vienna with [redacted] said the Libyans were ready to meet with any U.S. official, anywhere in the world, to discuss the bilateral relationship. [redacted] stated that he alone could speak for Qadhafi, who had authorized the approach.

I told [redacted] that this contact was typical of many we had received. The Libyans were feeling the U.S. pressure, and were seeking a way to persuade us to moderate. However, the pressure would continue until we had concrete evidence of a durable change in Libya's support for terrorism. Until then, there was no reason to meet with a representative of the regime.

[redacted] argued that the Libyans were not guilty of all the terrorism they were accused of. I countered by noting that not only was there incontrovertible evidence of a Libyan role in the La Belle Disco bombing, but evidence of a continuing role, such as the seizure of the Eksund. There was no doubt the Libyans continued to train and finance terrorist groups worldwide. Our policy was a responsive one. As long as Qadhafi supported terrorism, we would keep up the pressure.

[redacted] responded that the Iranians were much more active on terrorism, and yet the U.S. sought contact with the Iranian regime. Furthermore, no harm could be done if the U.S. agreed to meet with [redacted] Qadhafi could be assassinated any day, if Jalloud were his successor, things could get worse. At least Qadhafi has maintained an anti-Soviet position and refused to allow the Soviets a naval base. The U.S. should have contacts with the "moderate" elements in Libya.

I reiterated our position on dialogue with the Qadhafi regime.

Comment: [redacted] said he had met with Undersecretary Derwinski who had suggested that Bob Oakley might be interested in meeting with someone like [redacted] * I have informed Bill Burns of this discusssion.

* Derwinski said State was unwilling to consider such meetings

~~Confidential~~