Mu'ammar Qadhafi's domestic control and international influence are at a low ebb. He is confronted by increasing and widespread domestic discontent, political isolation within the Arab world and from Western Europe, and limited support from the Soviet Union. While direct Libyan involvement in terrorism appeared to have diminished following our military action of April 15, there are renewed signs of Libyan planning and support for international terrorism. (TS/V)

U.S. Objectives

Our objectives toward Libya are:

- to dissuade Qadhafi from engaging in terrorism and subversion;
- to enhance the chances of a positive change of leadership; and
- to minimize the risk of Soviet gains. (TS/V)

Strategy

To accomplish these objectives, we shall pursue a multi-faceted strategy which intensifies pressures on Qadhafi. Our actions should keep Qadhafi off balance and embolden dissident Libyans by creating the impression, and to the extent possible, the reality that further U.S. actions are underway. In the event that Libya is again found to promote specific terrorist action against U.S. interests, U.S. forces, upon my direction, will respond against targets in Libya which support terrorism and maintain Qadhafi's hold on power. (TS/V)

Increasing external pressure and isolation might induce dissident Libyans to act against Qadhafi.
We cannot rule out the possibility that a successor regime would conduct itself responsibly while aligning itself more closely to Moscow. Moreover, the perception of direct U.S. involvement in certain actions could forestall internal plotting, rally domestic support for Qadhafi, and complicate our ability to work with a successor. These risks to our strategy should be considered as specific actions are undertaken. (TS/V)

The strategy will be overseen by the CPPG. Specific activities aimed at countering terrorism shall continue to be coordinated by the OSG/TWIG. The components of our strategy should include the following:

--- Diplomacy. The Department of State should dispatch a special emissary to engage in high-profile diplomacy in Europe aimed at increasing allied political and economic pressure on Libya. (TS/V)

--- Economic Sanctions. The Department of the Treasury shall report by September 1 on U.S. subsidiaries doing business with Libya and shall work with the Department of State to bring diplomatic pressure to bear, where appropriate, to cease such operations. Such pressure should also be applied to parent companies in the U.S. Efforts to reduce Libya to the status of a residual supplier of crude oil to Western Europe should be intensified. (TS/V)

--- Military. The Department of Defense shall maintain a level of force in the Mediterranean sufficient to respond promptly with a range of options to Libyan-supported terrorist attacks. Additional measures which convey our readiness, capability, and intention to act with force shall be conducted in coordination with the Department of State. (TS/V)

--- Intelligence. (25x7)

Ronald Reagan