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NSPG Meeting on Iran-Iraq War/Buckley Kidnapping

30 March 1984

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29 March 1984

MEMORANDUM FOR: Director of Central Intelligence

FROM: SA/DCI/IA

SUBJECT: NSPG on Iran-Iraq War/Buckley Kidnapping, 30 March 1984

1. You are scheduled to attend an NSPG, Friday, 30 March, from 11:00 to 12:00 in the White House Situation Room. Attendance is limited to principals only; the subjects for discussion are the Iran-Iraq war and the Buckley abduction. This is apparently intended as a discussion session rather than a decisionmaking meeting.

2. At Tab A are the revised talking points that you requested.

3. With respect to the Iran-Iraq war, I am told that this meeting is designed simply to review the actions we have taken to date.

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4. I would note that a number of the deadlines suggested in this paper appear to be the product of an awfully leisurely pace. It seems to me that if we are really concerned about a possibly imminent Iraqi collapse and forestalling that then these deadlines should be tightened.

5. At Tab C are talking points for this meeting prepared for you by Bob Gates and Dick Kerr. At Tab D is a review of the CPPG paper (which is at Tab B) prepared by the DDI and Graham Fuller. At Tab E is a memo from Graham Fuller to you that argues the need for aiding Iraq sooner rather than later. The programs that he suggests include support to the Iraqi air force and USG support for a pipeline which will relieve Iraq's economic descent.

6. At Tab F are recent NIDs that indicate internal dissent within the Iranian leadership--specifically, those items which suggest pressure on Khomeini to end the war now. Page one of the CPPG review notes that "Iran does not seem at all interested in a peacefully achieved

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outcome and is apparently impervious to outside urging." You may want to remind everybody that there is less than a totally united front in Iran on continuation of the war. At Tab G are two memos prepared by DDI/NESA: the first treats the consequences of an Iranian breakthrough at Al Basrah and the second is a discussion of indicators of a prospective Iranian attack on Persian Gulf oil facilities and of an Iraqi collapse. At Tab H is a brief memo prepared by Maurice Ernst on the oil supply side of our Iran-Iraq war strategy. Also at this Tab is the recent NSDD on this subject.

7. At Tab I are talking points prepared for you by David Low on Iraqi use of chemical weapons. At Tab J are two memos recently prepared by DDI/NESA on the Iraqi chemical weapons program

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8. If I can do more to help, please call.

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cc: DDCI

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WASHINGTON

March 27, 1984

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MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE SECRETARY OF THE INTERIOR
THE SECRETARY OF COMMERCE
THE SECRETARY OF ENERGY
THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
THE DIRECTOR OF CENTRAL INTELLIGENCE
UNITED STATES REPRESENTATIVE TO THE
UNITED NATIONS
THE CHAIRMAN, COUNCIL OF ECONOMIC ADVISORS
THE CHAIRMAN, JOINT CHIEFS OF STAFF

SUBJECT: National Security Decision Directive (NSDD-134)
on United States International Energy Policy
(S)

The attached National Security Decision Directive establishes
certain U.S. international energy policy goals and objectives.
(S)

FOR THE PRESIDENT:

Robert C. McFarlane
 Robert C. McFarlane

Attachment
NSDD-134

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WASHINGTON

March 27, 1984

NATIONAL SECURITY DECISION
DIRECTIVE NUMBER 134

United States International Energy Policy Goals and Objectives (S)

This Directive outlines certain U.S. international energy policy goals. It is designed to supplement policy guidance included in National Security Decision Directive Number 87. Because it is desirable to maintain flexibility in order to be able to tailor specific responses to the situation, only broad guidelines will be presented. (S)

I. Certain U.S. International Energy Policy Goals

The best policy to guarantee the continued flow of oil from the Persian Gulf in the near term is to ensure, along with our allies and countries in the area, freedom of navigation in the Persian Gulf and the Strait of Hormuz, as well as protection of key oil production and transshipment facilities; and over the longer term to favor increasing the number of alternative outlets for Persian Gulf crude. (S)

The international energy policy of the U.S. concerning major oil supply disruptions is based upon four fundamental principles:

- o Primary reliance on free market forces.
- o Support for measures to enhance energy supplies in an emergency.
- o Provision of energy supplies for defense and broader national security purposes under all circumstances.
- o International cooperation with other energy consuming countries through the International Energy Agreement (IEA) and other mechanisms to reduce panic, minimize economic dislocations and assure that the U.S. and its allies do not suffer unacceptable harm as a result of an oil supply shortfall.
(S)

Since the U.S. cannot escape the economic and geopolitical consequences of a major oil supply disruption, we must be prepared to deal with such a situation on a cooperative basis with our allies. It is recognized, therefore, that some flexibility is needed in developing an international response to an energy disruption. Different countries have different economic and political environments, as well as different

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capabilities to respond to a supply interruption. U.S. policy should strive to obtain commitments from our allies to policies that will fairly share the burden and reduce the adverse impacts of a major oil supply disruption by means which accommodate the respective approaches of the U.S. and its allies. (S)

II. Implementation of U.S. International Policy Goals

Representatives of the U.S. should immediately begin to discuss with our allies on a bilateral basis and within the IEA the nature of the problem and appropriate responses which tailor each country's commitment to its capabilities. For the U.S. this means primary reliance on free market forces and the Strategic Petroleum Reserve (SPR). While we must remain flexible in order to be able to adapt to circumstances, the SPR can be a valuable U.S. tool to offset a world supply shortfall. In most circumstances, an early draw of SPR oil in large volumes will be our best policy to offset the economic impact of a major disruption. (S)

In order to establish an effective public information strategy in support of U.S. international energy policy, I direct the Department of State and the Department of Energy to work together to create expeditiously a framework for the dissemination of accurate information on international oil market conditions and to create public understanding of the fact that -- owing to the integrated nature of the world oil market -- a major disruption and the resulting price increases on the U.S. is inevitably a serious problem for us, and not just our allies. (U)

Consistent with U.S. policy as stated above, in our discussions with other countries, we should seek to obtain commitments to appropriate policies which include, but are not limited to: coordinated stock behavior (bearing in mind the need for flexibility of decision at the time of the disruption), an effective public information strategy to calm the market and other means to reduce their demand on world oil markets. In all circumstances we should encourage the major consuming countries to increase stocks prior to a crisis, encourage the expansion of our allies strategic oil and gas stocks as the best means of dealing with a supply disruption, and explore appropriate incentives within the IEA/OECD for other countries to engage in pre-crisis stock building and stock draws when a crisis occurs. (S)

Because less disruptive alternatives should be utilized first, we should seek to postpone implementation of the IEA emergency sharing system for as long as possible. If activation of the IEA allocation program is required, the U.S. will stand behind its commitment to the International Energy Program. (S)

III. Further Work

Because domestic oil production is the most secure and best means of enhancing U.S. supplies in a shortfall, I direct the

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Secretary of Energy to conduct a thorough assessment of short-term domestic supply measures, including further research into the question of spare crude oil productive capacity in the United States, including the possibility of increasing the flow of Alaskan oil southward. (S)

Ronald Reagan

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News Bulletin : FBIS Unnumbered Item
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29 March 1984
Item No. 1

(ATTN OCPAS, STATE INR ONLY: UNNUMBERED ITEM FOR OFFICIAL USE ONLY)

MENA CITES KUWAITI PAPER ON KIDNAPPED DIPLOMAT BUCKLEY

NC291046 CAIRO MENA IN ARABIC 1031 GMT 29 MAR 84

(TEXT) KUWAIT, 29 MAR (MENA) -- THE KUWAITI NEWSPAPER AL-QABAS TODAY REPORTS THAT WILLIAM BUCKLEY, THE THIRD SECRETARY OF THE AMERICAN EMBASSY IN BEIRUT WHO WAS KIDNAPPED OUTSIDE HIS RESIDENCE IN THE LEBANESE CAPITAL, HAS AN IMPORTANT POST IN THE U.S. CENTRAL INTELLIGENCE AGENCY IN THE MIDDLE EAST AND THAT HE JOINED THE U.S. STATE DEPARTMENT ONLY LAST YEAR.

THE PAPER SAYS BUCKLEY IS ONE OF THREE AMERICANS WHO WERE ABDUCTED IN BEIRUT. IT QUOTES WELL INFORMED SOURCES AS SAYING THAT A SOVIET INTELLIGENCE NETWORK OPERATING IN SYRIA AND LEBANON UNCOVERED BUCKLEY'S REAL POSITION AND LURED HIS ABDUCTORS INTO KIDNAPPING HIM.

THE PAPER SAYS THAT WILLIAM BUCKLEY WAS CLOSE TO LEBANESE PRESIDENT AL-JUMAYYIL AND THAT HE WAS KNOWN TO THE PRESIDENT'S ENTOURAGE.

29 MAR 1101Z PJR

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