TO: The Secretary of State
The Secretary of Defense
The Director of Central Intelligence
The Director of the Bureau of the Budget

SUBJECT: U.S. Arms Transfer Policy Toward Israel

The President has directed that U.S. arms transfer policies toward Israel be evaluated. This study should:

-- Examine the balance of Arab/Israeli military capabilities given alternative levels of U.S. and Soviet arms transfers over the next five years.

-- Analyze Israel's force requirements to meet a variety of alternative defense objectives, including a) deterrence through preemptive attack; b) deterrence of Arab attack through superior force; and c) maintenance of its independence if deterrence fails.

-- Determine Israel's technical and economic capacity to produce its arms requirements.

-- Formulate alternative U.S. arms transfer policies toward Israel, including specific program levels over the next five years.

This study will be carried out by an NSC Ad Hoc Group chaired by a representative of the Assistant to the President for National Security Affairs. Its other members will be designated by the addressee agencies.
The study will be submitted by December 12 to the President's Assistant for National Security Affairs and will then be referred to the IG/NEA for review.

cc: Chairman, Joint Chiefs of Staff