TO:    The Secretary of State
       The Acting Secretary of Defense
       The Director of Central Intelligence

SUBJECT:  Policy Towards Libya

The President has directed that a study be made of U.S. policy toward Libya and of the options open to the United States in the light of Libyan attitudes toward the United States, international terrorism, the Arab-Israeli problem, subversion, international airspace, and the petroleum industry.

The study should begin with a discussion of U.S. interests in Libya and the effect on them of current Libyan policies. Specifically, it should:

-- Evaluate the political, economic and strategic importance of Libya to the United States.
-- Describe the nature and impact of Libyan policies on U.S. interests in Libya, Africa and the Middle East.
-- Assess the prospects for a change in Libyan policies affecting our interests, either under Qadhafi or other Libyan leadership and as a result of the possible Egyptian-Libyan merger.

The study should then assess U.S. options over the next year, giving particular attention to questions such as the following:

-- The nature of our broad diplomatic relationship.
-- The prospects for U.S. oil company operations.
-- The U.S. military supply relationship with Libya.
-- Libyan support for international terrorism.
This study should be conducted by an ad hoc group comprising representatives of the addressees and the NSC staff, chaired by the representative of the Secretary of State and submitted by June 30, 1973 for consideration by the NSC Senior Review Group.

Henry A. Kissinger

cc: Chairman, Joint Chiefs of Staff