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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

November 7, 1986

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ACTION

MEMORANDUM FOR ALTON G. KEEL

FROM: OLIVER L. NORTH
ROBERT L. EARL
CRAIG P. COY

SUBJECT: Crisis Pre-Planning Group (CPPG) Paper:
"Syrian Support for Terrorism and USG Response"

Attached at Tab I is a memo from Rod McDaniel to the appropriate departments/agencies forwarding the revised paper on "Syrian Support for Terrorism and USG Response" (Tab A) disseminated at the CPPG on Tuesday, November 4, 1986. The memo at Tab I requests their final comments prior to the National Security Planning Group (NSPG) meeting to approve the recommended actions.

Comments resulting from the November 4 meeting have been incorporated.

Howard Teicher, Dennis Ross, and Ron St. Martin concur.

RECOMMENDATION

That you sign and forward the memo at Tab I.

Approve _____

Disapprove _____

Attachments

- Tab I - McDaniel Memo to Executive Secretaries
- Tab A - "Syrian Support for Terrorism and USG Response"

DECLASSIFIED

NLS F97-107/2#1

BY LOI, NARA, DATE 4/11/06

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20508

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MEMORANDUM FOR MR. NICHOLAS PLATT
Executive Secretary
Department of State

MR. ROBERT B. ZOELLICK
Executive Secretary
Department of Treasury

COLONEL JAMES F. LEMON
Executive Secretary
Department of Defense

MR. JOHN N. RICHARDSON
Assistant to the Attorney General
Department of Justice

MR. JOHN H. RIXSE
Executive Secretary
Central Intelligence Agency

CAPTAIN JOSEPH C. STRASSER
Executive Assistant to the Chairman
Joint Chiefs of Staff

SUBJECT: Paper: "Syrian Support for Terrorism and USG
Response" (S)

Attached at Tab A is the "Syrian Support for Terrorism and USG
Response" paper which was disseminated at the CPPG meeting on
Tuesday, November 4. The revised paper reflects input received
from the principals. Final comments are requested by COB,
Thursday, November 13, prior to a National Security Planning
Group (NSPG) meeting to approve the recommended actions. (TS)

Attachment
Tab A - "Syrian Support for Terrorism and USG Response"

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NLS F97-107/2 #2
BY LOT NADA, DATE 4/11/02

November 7, 1986

SYRIAN SUPPORT FOR TERRORISM AND USG RESPONSE

U.S. Objectives

Our main objective is to stop Syrian use and support of terrorism. Because terrorism is a fundamental instrument of Syrian policy -- and so central to its efforts to coerce and intimidate others in the region -- we should be under no illusions about the difficulty of our task.

Assad will not simply drop his use of terror, but his concerns over international isolation can lead him to look for ways to conciliate and to reduce the pressure. Thus, the central aim of our strategy should be to isolate Assad in every way -- to make it as difficult as possible for him to maintain an image of a responsible statesman while he actively supports covert terrorist operations. International isolation, which by definition requires multilateral action, is the sanction that Assad can least afford to ignore. It undermines regional ambitions, further diminishes the legitimacy of his minority Alawite regime, and removes some of the inhibitions that have restrained his enemies at home and abroad. While unilateral steps are required, many of which were accepted for potential implementation at the June 11, 1986 CPPG, we need to continue the push for collective action.

Background

Earlier this year Ambassador Murphy presented to the Syrian government six specific proposals which Syria could act upon that would demonstrate their willingness to forsake terrorism as an instrument of their foreign policy. They were:

- Cut all relations with Abu Nidal.
- Control Iranians in Lebanon and Syrian Embassy personnel in Damascus.
- Prohibit movement of terrorists, especially from Lebanon into Syria and through the Damascus Airport.
- Distance Syria from Libya.
- End support for terrorist activities by Syrian diplomats and intelligence officers abroad.
- Increase controls over Palestinian terrorist groups in Damascus, including those who threaten international civil aviation.

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By ADJ, NARA, Date 4/11/06

An additional proposal that merits consideration is to induce Syria to crackdown on Hizballah in Lebanon and work out new understandings there (possibly including new red lines between Syria and Israel).

The conviction of Nizar Hindawi for the attempted bombing of the El Al airplane directly implicated the Syrian government. Intelligence analysts continue to exchange information on the degree of Syrian complicity in terrorism. The British government has broken diplomatic relations with Syria and is actively seeking European support for additional measures against Syria. To date, the response from the European Community (EC) has been lukewarm. EC Foreign Ministers meet again on Monday, November 10 to reconsider what action to take against Syria.

Initial U.S. Response

Our response has been to encourage HMG to take the lead in garnering consensus. The withdrawal of Ambassador Eagleton did not evoke a strong response from the Syrian government which has signaled its desire to avoid a confrontation with the USG. Ambassador Bremer's round of consultations successfully portrayed our interest in working with our friends and Allies, while urging them to take definitive measures against Syria. Bremer's Terms of Reference (TOR) are at Tab A.

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Current Syrian Situation

Syria's internal situation continues to deteriorate (Tab B). Assad's domestic control, kept in place by an extensive and ruthless Praetorian guard, is strong and presents few opportunities to encourage internal or dissident opposition to Assad's regime. However, there have been recent reports on his poor state of health that may restrict his activities and ability to manage competing factions. Reports of internal subversion, coup plotting, and terrorist acts against political and economic targets suggest a worsening security situation.

Economically, Syria experiences mounting problems as a result of a combination of factors. A failed industrialization strategy of building export-oriented industries has left Syria with even more reliance on its oil sector. Due to credit shortages and political imperatives, Syria has shifted its trade from EC countries toward the Communist bloc. On top of these fundamental problems, Syria suffers from a severe liquidity crisis with approximately \$100 million in foreign reserves or a week's worth of imports. Boosting exports is difficult since oil, which provides nearly two-thirds of all hard currency earnings, is needed for domestic consumption. In fact, last year Syria actually purchased more oil abroad than it sold.

Options

Drawing from the previously approved list of options, our objective can best be supported by a combination of activities which reinforce the international isolation of Syria. The U.S. has at least two levers for influencing Syrian behavior. First, unlike Qadhafi, Assad cares about being perceived by other governments as a responsible international actor. He is committed to the Palestinian struggle and opposing Israel, but does not want to be seen as an international outlaw. Second, while his relationship with the U.S. will remain tense because of our commitment to Israel and Syrian ties to the Soviet Union, he does not want an open rupture and certainly does not want military tensions or economic sanctions.

The following diplomatic, public information, economic, and military options will be forwarded to the National Security Planning Group (NSPG) for recommendation to the President.

~~_____~~ will be coordinated separately. The timing for a phased implementation is indicated in parentheses after each of the options.

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Diplomatic:-- Options with Long-Term Effects

- Continue withdrawal of ambassador (Phase 1).
- Restrict Syrian diplomats' movement in U.S. in parallel with the restrictions placed on U.S. diplomats in Syria (Phase 1).
- Break diplomatic relations (Phase 3).
- Issue revised travel advisory for Americans going to Syria (Phase 1).
- Cancel all high-level official visits (Phase 1).
- Require secondary immigration/customs inspections of all Syrians (Phase 2).
- Slowdown/stop visas and consular services for Syrians until USG is satisfied Syria no longer issues passports to international criminals, drug runners, and terrorists (Phase 1).
- Reduce Embassy Damascus to minimal effective levels (Phase 2).

- Advise Syrians that Charge d'Affairs will replace our ambassador indefinitely (Phase 2).
- Consult with EC countries on multilateral steps against Syria in multilateral forums (Phase 1).
- Options with Short-Term Effects
 - Call for special Experts Meeting of Summit Seven on Syrian involvement in international terrorism (Phase 1).
 - Seek resolution condemning Syria's role in the El Al bombing attempt in UN and International Civil Aviation Organization (ICAO) (Phase 1).
 - Oppose Syrian candidates for high-level positions in international organizations (Phase 1).
 - Reduce the size/operation of Embassy Damascus, particularly public operations (e.g., commercial, official, and USIA) (Phase 1).
 - Require a mandatory security advisory opinion for all Syrian visa applicants (in effect, a 3-9 week delay) (Phase 1).
 - Conduct high-level visits to Turkey (Phase 2).

Public Information:

- Coordinate statements by USG officials condemning Syrian involvement in terrorism (Phase 1).
- Background/publish a "Syrian White Paper" with detailed chronology of Syrian involvement in and support of international terrorism (Phase 1/2).
- Approve background briefings on role of Syrian intelligence and diplomatic facilities in terrorism (Phase 1).
- Schedule a series of interviews by U.S. officials on Worldnet for broadcast to Europe (Phase 2).
- Encourage American representatives to the International Air Transport Association (IATA) meeting to identify Syria's role in terrorism directed at civil aviation (Phase 1).
- Update travel advisory for Syria (Phase 1).

Economic:

- Announce publicly the rescission of credit for grain sales to Syria (Phase 1).
- Press for reduction of commercial ties by U.S. firms, particularly the PECTEN Petroleum Company. (If done now, it would overlap the January 1987 effect of the Grassley Amendment restriction on tax credits to companies doing business with countries on the terrorism list.) (Phase 2).
- Urge International Aircraft Pilots Union to condemn Syria's role in terrorism directed at civil aviation and support IFALPA boycott of airline flights to Syria (Phase 1).
- Invoke IEEPA to reduce or eliminate U.S. oil company presence in Syria or sever all economic ties with Syria (Phase 2/3).
- Restrict activity of Syrian Arab Airlines (SAA) through termination of access rights under Air Transport Agreement; prohibition against third party ticket sales to SAA (Phase 1).
- Urge the termination of SAA aircraft maintenance contracts by European companies (Phase 1).
- Eliminate exports (including reexports) of national security controlled goods and aircraft including spare parts (Phase 1).
- Urge reduction of trade credits to Syria and withdraw Most Favored Nation (MFN) status; stop EX-IM Bank Credit Agreements (Phase 2).
- Urge boycott of Syrian oil (Phase 2).
- Review U.S. exports to Syria in preparation of potential trade embargo (Phase 1).
- Ban all imports from Syria (Alternatively, remove Generalized System of Preferences (GSP) eligibility) (Phase 2).
- Oppose loans to Syria by multilateral banks (Phase 2).
- Ban all sales of arms, aircraft spare parts, and sophisticated equipment (COCOM) (Phase 1).

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Military:

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Summary

The success of our efforts to curtail Syria's support for international terrorism will largely rest on multilateral support. To the extent HMG's lead in persuading Europeans to identify and condemn Syria's involvement succeeds, our unilateral measures will carry more impact. In order to preclude any signal of unwelcome U.S. pressure prior to the EC's November 10 meeting, our decision to act and the specific measures directed by the President should await their final action. It would be appro-

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priate to share privately our intentions with the British, who, as EC President, could nudge the other participants. Initial indications are that the EC will agree to the following actions:

- Restrictions in arms sales.
- Restrictions on high-level contacts.
- Closer monitoring of Syrian embassies.
- Tighten security controls on SAA.

Implementation Strategy

The implementation of our policy with Syria should be a three-phase approach. Phase 1 would serve to reinforce whatever decisions the EC makes at their November 10 meeting and should be implemented as soon as possible following that meeting. Phase 2 would be those unilateral actions that would further increase the pressure and isolation on Syria to stop their support for international terrorism. These actions would logically follow the outcome of the German trial for the bombing of the Arab-American Friendship Building, currently scheduled for late November or early December.

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In conjunction with those actions above, consideration must be given to those positive incentives that will reinforce any change in Syrian behavior regarding international terrorism. Should Syria demonstrate a willingness to curb their support and use of terrorism, we could offer initiatives that would build upon that improved behavior. These include:

- Resumption of high-level official visits
- Public recognition of Syria as a major player in the Arab-Israeli dispute
- Encouragement of commercial ventures with U.S. firms

- Invitations to senior Syrian military officers to visit military events and schools in the U.S.
- Encouragement of Saudi financial rewards.

Attachments

- Tab A - Bremer's Terms of Reference
- Tab B - Current Syrian Situation

Terms of Reference

I. Objectives:

a. To increase European cooperation for overall terrorism policies: Remains our over all objective. Have had credibility problem with Europeans who think we only wanted to bash Libya. Now have an opportunity to show that we oppose terrorism wherever it may be found.

b. Create a solid, united US-European front in responding to Syria: Unlike Qadhafi, Assad is sensitive to European opinion and will heed very seriously a concerted action by them and us.

c. Reinforce UK efforts with EC for a tough response: Intend to follow UK lead, particularly with EC, and support their efforts.

d. US to take lead in areas where UK wavering or their results not forthcoming: Must maintain flexibility to take initiative with other Europeans as appropriate.

e. Emphasize to Summit Seven members that concerted response is commensurate with Tokyo Summit resolutions on terrorism. Cables should be sent to Canada and Tokyo backing up Summit context.

II. What we should ask Europeans:

A. Political/Diplomatic Measures:

1. Demarches to Syria:

-- Call on each govt for tough demarches to SARG on basis of six points raised by Murphy with SARG in May, emphasizing termination of Abu Nidal presence.

2. Public Statements:

-- Call on each govt for strong public statement condemning Syrian support for terrorism and supporting UK response.

3. Anti-terrorism measures against Syrian missions abroad:

-- Recall ambassadors from Damascus.

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-- Reduce the size of official Syrian missions, giving particularly attention to military attaches and intelligence officers.

-- Impose on Syrian diplomats the same requirements levied by SARG on diplomats in Syria -- advance notification to MPA of travel outside the capital.

4. Travel restrictions for Syrian nationals:

-- Institute administrative delays on visa requests, and scrutinize applicants more carefully

-- Scrutinize Syrian passport holders to make sure they are Syrian nationals (i.e. eliminate passport abuse by terrorists).

-- Tighten travel advisory for Syria.

5. Ban arms sales.

B. Economic Measures:

1. Restrict Operations of Syrian Arab Airways (SAA):

-- Ban sale of spare parts

-- Ban maintenance contracts

-- Rescind or greatly reduce landing rights

-- As a fallback, greatly tighten security procedures for SAA flights and crews.

-- Rescind or severely restrict credits.

2. Rescind all special trade concessions.

3. Stop foreign aid (e.g. Italy).

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CURRENT SYRIAN SITUATION

Syria has a significant military presence in Lebanon and, despite drawdowns on troop levels, their military construction activities have led to increased tensions between Syria and Israel. The U.S. raid on Libya reportedly raised Assad's concern for the quality of his Soviet-supplied air defenses as well as anxiety over a possible U.S. attack on Syria.

Syria's substantial Soviet military commitment is much more developed than Libya's tie to the Soviet Union. This fact, coupled with Assad's demonstrated willingness to take limited military action even when the outcome is likely to be unfavorable,

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Economically, Syria is performing well below potential. Real GNP has declined over the past three years and Syria's balance of trade remains heavily in deficit. Although resources are scarce, the government continues to mobilize funding for an ambitious economic development program at the same time it spends over 50% of its budget on the military. Syria will be stressed to maintain this level of military spending.

Syria's imports exceed exports by a factor of nearly 2 to 1, and Syria has been running a current account deficit of around \$1.9B for the past 5 years. As a result, Syria's hard currency reserves have been significantly reduced; estimates of hard currency holdings are less than \$200M or only 20 days worth of civilian imports. Boosting exports is extremely difficult since oil, which provides nearly two-thirds of all hard currency earnings, is needed for domestic consumption. In fact, last year Syria actually purchased more oil from abroad than it sold.

Syria is able to tap three major sources of foreign exchange to offset its chronic trade deficit:

- Foreign Grant Aid: Under the Baghdad Accord, Syria was allotted \$1.8B per year from other Arab states, but the drop in oil revenues will provide only \$800M this year. Iran continues to supply oil on a concessional basis.
- Worker Remittances: Payments sent home by Syrians abroad amount to approximately \$500M annually.
- Foreign Lending: World Bank statistics attribute about \$2.7B in outstanding debt, and Syria's credit rating continues to decline.

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Syria also has limited but important commercial relations with the European Community (EC):

- Syria exports (mostly oil) about \$600M annually, and the EC provides approximately 18% of Syria's food imports.
- Western banks provide trade credits and the Syrian Foreign Commercial Bank maintains banking relationships with most major Western banks, including U.S. institutions.
- Syrian Arab Airlines (SAA) services Western carriers (Air France, Swiss Air, Lufthansa, KLM, Al Italia, and the Austrian airlines) who fly into Damascus.

In conclusion, Syria's poor economic performance, its burdensome military commitments, and Assad's poor health combine to create significant vulnerabilities for the Syrian regime. However, it would be wrong to underestimate Assad's skill at maintaining a balance of power among the various factions that compete for power. His close ties to the Soviets make policy options for Syria very different from Libya.

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