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NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506

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National Security Study Memorandum 238

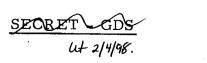
TO: THE SECRETARY OF STATE THE SECRETARY OF THE TREASURY THE SECRETARY OF DEFENSE THE DIRECTOR OF CENTRAL INTELLIGENCE THE DIRECTOR, ARMS CONTROL AND DISARMAMENT AGENCY

SUBJECT: U.S. Policy Toward the Persian Gulf

The President has directed a study of U.S. security policy toward the Persian Gulf area. The purpose of this study will be to examine U.S. political and strategic goals in the area and develop policy alternatives for the near and medium term, with particular emphasis on Iran, Iraq, Saudi Arabia and Kuwait.

Beginning with an overview of U.S. policy and the evolution of the U.S. role in the Persian Gulf since 1969, the study should provide a comprehensive assessment of the key factors likely to influence the nature of our policy toward the region as a whole and key individual states over the next ten years. This analysis should include, <u>inter alia</u>, discussion of the following:

- 1. The strategic, economic and political importance to the United States of the area and key individual countries over the next ten years, including the importance of oil, financial resources, and the need for access to bases and installations.
- 2. The prospects for stability and moderation in key Persian Gulf nations, including the political impact of foreign manpower imports and rapid modernization, the effect of intra-area differences, the prospect for intra-area cooperation in maintaining Gulf security, and the effect of Soviet influence.



Subject to GDS of E.O. 11652 Automatically Downgraded at Two Year Intervals and Declassified on December 31, 1984.

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- 3. The potential economic and political influence in the area of outside powers (Western Europe/Japan and the USSR) and the possibilities of their replacing the U.S. to a significant degree in various areas of activity or individual countries.
- 4. The liabilities and benefits to the U.S. of U.S. arms policy in the Persian Gulf in the short and long term, including the strain on the economies and social structures of key states by large arms acquisitions and related U.S. presence, the impact on our own defense establishment, the changing attitude of Congress toward arms sales and military training, and the effect on the attitudes of key Persian Gulf countries toward the U.S.

Drawing on the foregoing analysis, the study should develop policy options for the U.S. in the Persian Gulf area with respect to U.S. objectives in the following areas:

- Arms supply and training.
- Bases and installations.
- Technology transfer and co-production.
- Economic policies.
- Regional relationships.
- Procedures for better implementation of existing and future policies within the United States Government.

The study should be undertaken by the Interdepartmental Political-Military Group. The study should be submitted for consideration by the Senior Review Group no later than March 15, 1976.

cc: The Chairman, Joint Chiefs of Staff

