

**RELEASE IN
FULL**

From: Sullivan, Jacob J <SullivanJJ@state.gov>
Sent: Monday, April 23, 2012 8:40 PM
To: H
Subject: FW: Latest from HRC friend

FYI

From: Stevens, John C
Sent: Monday, April 23, 2012 7:00 PM
To: Sullivan, Jacob J
Cc: Cretz, Gene A; Feltman, Jeffrey D
Subject: RE: Latest from HRC friend

Jake- Interesting report. Gene is closer to the action and I defer to him on the latest Jalil-ian thinking and machinations vis-à-vis the cabinet and TNC. I hadn't heard about ENI-related corruption but I wouldn't be surprised.

On the federalism issue, Jalil is right to be concerned about eastern agitation for autonomy. A cabinet change won't solve that problem, though. Nor will recruiting Belhaj and Islamist fighters to take on the Barqans. To the contrary, it would only lead to unwanted bloodshed -- the large Obeidi tribe still nurses a serious grudge against Belhaj and his ilk for the Islamists' presumed role in killing their beloved Gen. Yunis last July and would probably put up a fierce fight.

The cabinet and TNC need to have a serious discussion with the Barqans -- if they aren't already doing so -- about how power and resources are to be distributed in the new Libya. The Libyans held similarly heated debates on this very topic in the early 1950s as they held their first parliamentary elections and drafted their constitution (there were actually violent skirmishes in connection with those elections, and Washington delayed the arrival of the first US ambassador until after things had calmed down). Hopefully the current leadership can negotiate these issues peaceably in the coming months. Of course, we and the UN and our other partners should encourage them to do so.

- Chris

SBU
This email is UNCLASSIFIED.

From: Sullivan, Jacob J
Sent: Monday, April 23, 2012 5:31 PM
To: Stevens, John C; Cretz, Gene A; Feltman, Jeffrey D
Subject: Latest from HRC friend

Let me know your thoughts:

SOURCE: Sources with direct access to the Libyan National Transitional Council, as well as the highest levels of European Governments, and Western Intelligence and security services.

1. On April 17, 2012 Libyan National Transitional Council (NTC) President Mustafa Abdel Jalil stated to a close advisor that he is considering when, or even if, to hold a vote of no confidence in the NTC regarding support for the government of Prime Minister Abdel Rahman al-Keib. According to a source with access to the NTC leadership, Jalil realizes that a majority of the Council members no longer support el-Keib and his cabinet of Western educated technical experts. Jalil continues to believe that, for the moment, the most important issue facing the NTC is the federalist movement toward a semi-autonomous state in the Eastern region of Cyrenaica (Barqa in Arabic). This situation continues to complicate the NTC efforts to stabilize the country. With this in mind, Jalil expressed concern that a dramatic vote of no confidence for el-Keib will weaken the entire NTC by association. Instead, according to this source, Jalil is considering delaying a decision, possibly putting it off until an elected legislature is in place in the late summer or early fall of 2012.

2. (Source Comment: In the opinion of this individual, the NTC has been able to reach a temporary understanding with the eastern federalists, allowing the separatists to administer their local regions, while deferring to the NTC for national and international issues. The complicating factor at this point lies in reaching a determination regarding who has authority over new contracts with oil companies and other international firms. As of the week of April 16, 2012, no decision has been reached on this point. The bulk of the NTC leadership is drawn from Barqa, and Jalil now believes they can control the situation if they can establish an organized central government. In particular, Jalil, according to a sensitive source, is increasingly confident that the eastern roots of the NTC will allow him to balance the federalist movement against the need for a sense of national unity. In the opinion of this source, el-Keib's future depends on Jalil's opinion of his capacity to deal with this complex situation.)

3. Minister of Defense Ousama al Juwali is viewed by Jalil as the most important western Libyan in el-Keib's cabinet, and the President and the leaders of the NTC had hoped that he would be able to deal with the confused security situation in Tripoli. However, while he did receive assurances from General Abdel Hakim Alamin Belhaj regarding possible assistance from his Islamist troops if fighting broke out between the National Army and the militia's loyal to the eastern federalists. Unfortunately, from Jalil's point of view, this effort seems to have emboldened Belhaj and heightened tension between the eastern and western portions of the country. According to this source, after reviewing the federalist problem, Dr Abd al-Nasser Shamata, the head of the Crisis Management for the NTC, believes that el-Keib, al Juwali, Oil Minister Abdulrahman Ben Yezza, and the bulk of the cabinet should be replaced by people drawn from within the NTC, individuals who are in touch with the concerns of the Libyan people of all tribes and political groups. In the opinion of this source Jalil is factoring this position into his decision on el-Keib.

4. Regarding the existing relationships with international oil firms, Shamata told Jalil that for the most part the existing fields are continuing to produce and the owners have worked out security arrangements with local political and tribal leaders. However, since el-Keib and Ben Yezza have been unable to bring order to the national administration, it is difficult for firms to initiate new projects, since it is not clear who has the authority or the desire to sign such agreements. Shamata stated forcefully that the Prime Minister, whoever he is, must establish an orderly administration before full advantage can be gained from the oil fields. In the meantime, Shamata warns that his office has found evidence of corruption between local officials and international firms. In this regard, he stated that local representatives of the Italian national oil firm (ENI) have made problematic arrangements with local officials in the western part of the country, where their oil fields are located. He added that most of these ENI employees are Libyans, but he believes ENI management in Italy is aware of this situation. Shamata pointed out, without additional comment, that Ben Yezza is a long time senior official of ENI.

5. In the opinion this source, Shamata and Jalil are not planning to publicize these charges regarding ENI, at least until they decide how best to move forward on el-Keib, whether to allow the Prime Minister more time to address his problems, proceed with the vote of no confidence or quietly ask him to step down on his own.

6. (Source Comment: According to this source, el-Keib is under fire primarily as a result of his failure to bring order to the National Army, disarm independent militias, and establish security throughout the country. The leading opposition to el-Keib is based in the Political Issues committee of the NTC, and as many as 42 of the 73 active NTC members will vote against el-Keib if Jalil brings this matter to a vote. The source warns that these numbers are provided by members of this Political committee, who may have their own agenda. A two thirds majority is required for the no confidence vote, however; several senior members of the NTC are reluctant to take such a step until a constituent assembly has been elected. They do not want this to look like the decision of a small group of people.)