

RELEASE IN PART B5,B6

From: H <hrod17@clintonemail.com>
Sent: Friday, April 8, 2011 5:35 PM
To: 'sullivanjj@state.gov'
Subject: Fw: H: UK game playing; new rebel strategists; Egypt moves in. Sid
Attachments: hrc memo UK games; new rebel strategists; Egypt moves 040811.docx

Fyi.

B5

From: sbwhoep
Sent: Friday, April 08, 2011 05:27 PM
To: H
Subject: H: UK game playing; new rebel strategists; Egypt moves in. Sid

B6

CONFIDENTIAL

For: Hillary
From: Sid
Re: UK game playing; new rebel strategists; Egypt moves in

Latest report:

LIBYA/GREAT BRITAIN/France

On the morning of April 8, an individual with direct access to the leadership of the Libyan National Council (LNC) stated in strictest confidence that members of the Military Committee of the LNC are concerned that, despite the involvement of NATO against the forces of Muammar Qaddafi, the government of Great Britain is using its intelligence services in an effort to dictate the actions of both the LNC and the Qaddafi regime. These individuals add that they have been informed by contacts in France and Italy that, while they have been engaged in discussions with the LNC regarding possible assistance, British diplomats and intelligence officers have maintained contact with members of the Qaddafi government, in an effort to protect the British position in the event the rebellion settles into a stalemate. These LNC officials believe that the defection of Libyan Minister of Foreign Affairs Mousa Kousa to the United Kingdom was part of this effort. By the same token they believe that British intelligence officers are in discussion with associates of Saif al-Islam Qaddafi, regarding future relations between the two countries if he takes over power from his father and implements reforms.

According to these individuals, senior LNC military personnel suspect that despite early indications that they would provide clandestine military support to the rebels; neither the French nor the British government will provide the rebels with enough equipment and training to defeat Qaddafi's forces. They also believe that the French, British, and other European countries will be satisfied with a stalemate that leaves Libya divided into two rival entities.

(Source Comment: In the opinion of these individuals the LNC military leaders are considering the possibility of hiring private security firms to help train and organize their forces. One of these individuals added that a number of the LNC members believe that this solution may be best for the rebels; noting that if they accept clandestine aid from France and/or Great Britain those two countries will be in a position to control the development of post-Qaddafi Libya.)

LIBYA - INSURGENT ACTIVITY

(This information is based on sensitive reporting from individuals with direct access to the leadership of the LNC.)

1. With little hope of achieving a quick military victory, the LNC is deploying a three part strategy; leveraging tribal relationships, oil production and diplomatic pressure to get the better of Qaddafi. A former spokesman for the Libyan Human Rights League (LHRL) in Europe, Ali Zidane, is in talks with representatives of tribes in Sebha and Sirte in an effort to persuade them to rally to the revolution and the LNC before fighting actually reaches their regions. Zidane is a candidate to be the Minister of the Interior in the "new Libya." Among his close associates is Mohamed Allagui, president of the LHRL, who is interested in the justice portfolio in the future, transition government.

2. At the same time, Ali Tarhouni, the LNC's financial expert and possibly Finance Minister in post-Qaddafi Libya, is struggling to get oil exports back on track in eastern Libya, with backing from the United States and Qatar. The LNC believes that the U.S. will focus on restarting operations at the oil terminal in Tobruk, and an American envoy is expected in Benghazi in the near future to facilitate this process. For its part, Qatar is advancing cash to the LNC to stimulate the shipment of oil from eastern Libya. Some commodity traders stepped in recently (under contract from Qatar) to deliver refined oil products to the insurgents. VITOL and the Swiss firm GLENCORE are operating in the rebel zone, but denied any involvement in this shipment.

Elsewhere, these sources add that Mahmud Shammam is overseeing the information and communications campaign for the rebels against Qaddafi. Considered one of the LNC most important leaders, Shammam brings to the insurgency the expertise he acquired while working for *Voice of America*, *Foreign Policy*, *Newsweek* and *Al Jazeera*. Shammam lived in the U.S. for more than twenty years, and he is believed to have excellent connections in the U.S. Government.

3. **Islamist activity:** Libya's Islamist activists have maintained a low profile since the start of the insurgency in late February; fearing that their activities would give credence to Qaddafi's claims that the rebels are terrorists. As the LNC is taking shape, they are now working to make their voice heard, and influence events within the LNC. Ali Sallabi, Salem Al Shiki and Mohamed Al Guirtili, leading Islamic figures who had taken refuge in London (and are close to the Moslem Brotherhood), drafted a "national pact" which looks like a road map for organizing the role of the Islamist movement in the transition to a post - Qaddafi Libya.

Sallabi and his two associates draw their inspiration from the "February 17 Movement" which helped spark the uprising by commemorating the massacre of Islamist prisoners at the Abu Salim prison in 1996. Prior to the current rebellion, Mustapha Abdel Jalil, the President of the LNC and former Minister of Justice called for the release of reformed Islamists. At present, the Islamists are handicapped by the fact they supported Saif's reform projects before the recent crisis. Saif played a crucial part in getting the Islamists to sever ties between the Libyan Islamic Fighting Group's and al Qa'ida in the Islamic Maghreb (AQIM).

EGYPT AND LIBYA:

A source with excellent access to the highest levels of the SUPREME COUNCIL OF THE ARMED FORCES (SCAF) states that the Egyptian Military has turned its full attention to the crisis in Libya. Traditionally, Egypt is a strong influence in the eastern Libyan region of Cyrenaica and is now taking advantage of the current crisis to regain that position. Regardless of whether Muammar Qaddafi remains in power or not, the political division of Libya will give Egypt the opportunity to fill the void in the east. A senior diplomatic source reported that since the early days of the Libyan crisis, the Egyptian government has been quietly supporting Libyan opposition forces through training, weaponry, food, and medical supplies, while attempting to organize a political structure in the east. In addition, Egyptian Special Operations troops are serving with rebel forces in the eastern part of Libya. Senior Egyptian military officers stated privately that these troops are responsible for many of the rebel's combat successes.

The following factors are the focus of Egypt's plans for a post-Qaddafi regime:

-Avoiding a refugee crisis. In the event Qaddafi's forces invade the east, Egypt is the most logical destination for refugees from Libyan. Egypt has an interest in controlling any turmoil in Libya that could harm efforts to restart its struggling economy.

-Labor market. Libya is an important market for unemployed Egyptian laborers. According to the Egyptian Labor Ministry, around 1.5 million Egyptians reside and work in Libya, sending home an estimated \$254 million in remittances. In the past few years, Qaddafi has placed heavy restrictions on foreign workers, and Egypt hopes that a new regime will be more flexible, and open to receiving Egyptian workers.

-Radical Islamists. Traditionally, the eastern part of Libya has been a stronghold for radical Islamist groups, including the al Qaida-linked Libyan Islamic Fighting Group. While Qaddafi's regime has been successful in suppressing the jihadist threat in Libya, the current situation opens the door for jihadist resurgence. Egypt has a growing interest in keeping a close eye on jihadist movements in eastern Libya. This is especially true as the Egyptian Military is already

concerned about Islamist militancy overflow from Gaza, after their forces were pulled back to Cairo during the uprising against Mubarak.

-Oil and energy resources. Egypt has strong economic interests in the oil rich eastern part of Libya. Any opportunity to gain direct or indirect access to these energy resources will increase Egypt's wealth.

-Regional power. The Egypt's military-led government is looking to reestablish their country's role in the Arab world. So far, Egypt has fostered discussions in the Palestinian territories between Fatah and Hamas, while reaching out to Syria and Saudi Arabia on the issue of Iran.

(Source Comment: According to a sensitive diplomatic source, the current Egyptian diplomatic strategy is to enhance its stature by defending the Libyan people against Qaddafi's regime, while at the same time, distancing itself from any military intervention led by the region's former colonial powers in Europe.)

It should be noted that, in the opinion of knowledgeable sources, Egypt cannot count on the support of every Arab power in the region. Egypt led the call for imposing the no-fly zone in Libya, while Algeria, while Yemen, and Syria voted against it. These countries (especially Yemen) fear the precedence that would be created for their own governments in the event Qaddafi is ousted.

(Source Comment: A source with access to the leadership of NATO state in confidence that their information indicates that Syria and Algeria are concerned with Egypt's revival in the region. This source stated that a de facto split between eastern and western Libya would give Egypt the opportunity to reassume an influential position in Cyrenaica.)

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