

RELEASE IN FULL

CONFIDENTIAL

January 4, 2013

For: Hillary
From: Sid
Re: Comprehensive Intel Report on Libya

SOURCE: Sources with direct access to the Libyan National Government, as well as the highest levels of European governments and Western intelligence and security services.

1. In reviewing the events of the past year, as well as their plans for 2013, Libyan President Mohamed Magariaf and Prime Minister Ali Zidan discussed their frustration over the pace of efforts to define the relationship between the legislature and the interim government, establish the authority of this national government throughout the country, and deal with security issues that have lingered since the fall of former dictator Muammar al Qaddafi in late 2011. Speaking on condition of absolute secrecy, a source with access to the Office of the President stated that during late December 2012 Magariaf and Zidan agreed that they must move quickly to deal with these problematic issues before they can address their long term strategy of developing productive diplomatic and business relationships with their neighboring states in North Africa, Western Europe and the United States.

2. (Source Comment: According to this source, while Zidan and Magariaf often disagree on the mechanics involved in establishing the authority of the government, they are making a concerted effort to avoid allowing their political differences to complicate their efforts to govern the country. This individual notes that the two men opposed each other in the August 2012 presidential election and they have not yet addressed the issue of how best to work together in the next national election, scheduled for mid-2013. However, they realize the fragile nature of the current Libyan government and are determined, for the present, to work together on the large national issues, leaving the day to day political infighting to the members of the General National Council--GNC. This individual believes these structural problems cannot be addressed in a serious manner until the President and Prime Minister are able to define their specific roles.)

3. For his part Zidan believes that the government and the National Oil Company (NOC) can eventually establish new relationships with Western oil firms, allowing Libyans to be trained to fill jobs at all levels of that industry, including positions previously reserved for foreign experts

during the Qaddafi regime. The Prime Minister stated that this program will cement his popularity with the Libyan people and allow him to consolidate the role of the government across the country. Zidan realizes that he does not have enough time to make significant progress on this matter before the next round of national elections, however; he believes that positive steps in this direction will be popular, and allow him to gain enough support to establish a basis for a more effective administration.

4. In the opinion of this individual Magariaf supports Zidan in this matter and is particularly interested in resolving the ongoing issues regarding the federalist movement in the Eastern Cyrenaica region (Barqa in Arabic). The President is convinced that finding a reasonable solution to the demands of the Eastern political and tribal groups will allow the current government to move to complete its program of disarming the independent militia units left over from the 2011 revolution. At the same time this will allow the National Libyan Army (NLA) and police forces to deal with militia units that have established contacts with opposition Salafist groups, as well as Al Qai'da in the Islamic Maghreb (AQIM). Magariaf continues to cite the development of Ansar al Sharia as an example of how a militia or group of militias can establish a relationship with AQIM and other radical organizations, eventually turning to attack Western interests in the Benghazi region. Magariaf bases his concerns on the best information available and while he believes that the NLA has made progress against Ansar al Sharia and similar groups the Army is still limited by the relative weakness of the government.

5. (Source Comment: Also in December Zidan, Oil Minister Abdulbari al-Arusi and Italian oil firm ENI's CEO Paolo Scaroni met at the Prime Minister's office to discuss ENI plans for developing new operations in Libya. According to an extremely sensitive source, these talks went very well. After the meeting Zidan noted that Scaroni was obviously extremely anxious to develop a new, special relationship with the post-revolutionary Libyan government and intended to gain an advantage on other Western firms looking to do business in the country. This source added that, according to Zidan's staff, Scaroni proposed a plan calling for an \$8.5 billion investment in both ongoing production and new exploration spread over 10 years. Later, in discussing the meeting, Zidan and his aides agreed that Scaroni had the full backing of the Italian government in this matter. Zidan added that his contacts in Rome report that the Italian administration believes this investment in Libya will help them deal with the long term economic problems they are facing during the current European debt crisis.)

6. According to this sensitive source, the Libyans and Scaroni worked out a rough draft of an initial Memorandum of Understanding, covering an initial investment of approximately \$420 million, which will be finalized before Zidan's planned visit to Rome in late January 2013. Before the Tripoli meeting ended the Prime Minister requested that Scaroni consider committing ENI to work on additional operations in the downstream sector under a new office of the Libyan National Oil Corporation, which the Oil Ministry plans to establish in Benghazi. Zidan noted that ENI began working in Libya in 1958, and, in his opinion remains the most important international oil company operating in the country. When Zidan briefed Magariaf on the meeting with Scaroni, the President agreed that the ENI proposal is an important matter for the new Libyan government, however; he cautioned that the recent resignation of Italian Prime Minister Mario Monti might complicate the affair. Zidan stated that his contacts in Rome assure him that the importance of the new ENI proposal for Libya transcends the ongoing political

infighting in Rome. Both the Prime Minister and President agreed that with the prospect of new ENI operations and personnel in Libya, the Army and police forces must be able to improve security conditions for Western interests throughout the country.

7. (Source Comment: In the opinion of this sensitive source, while Magriaf and Zidan have established a relationship that allows them to work together for the present, they will be unable to build an effective government administration until they define clearly the roles of the President and Prime Minister in the post – Qaddafi era.)

8. During late December 2012 Libyan Prime Minister Ali Zidan complained in private to President Mohamed Magariaf that the General National Council (GNC) had placed the interim government in an awkward position by enacting legislation demanding that National Libyan Army (NLA) Chief of Staff General Youssef al Mangoush move to close the country's borders by deploying his troops, along with loyal Tripoli based militia units, to patrol the borders, in an effort to prevent external groups from supporting anti-government forces, including the remaining supporters of former dictator Muammar al Qaddafi. According to a source, speaking in strict confidence, Magariaf assured Zidan that he had no hand in this decision, and that the GNC had acted on its own initiative based on internal political considerations. The President added that he continues to support Zidan's recent efforts to establish security relationships with neighboring states, and acknowledged that the GNC action would complicate this process.

9. (Source Comment: According to this individual, Zidan believes that the factional/regional parties in the GNC took this step in an effort to gain a greater voice in foreign affairs. The legislation complicates the implementation of diplomatic agreements regarding border security arranged by Zidan during a recent trip to Chad, Niger, Algeria and Sudan. These agreements were established in coordination with Magariaf's earlier security initiative involving the new revolutionary governments of Tunisia and Egypt. According to this source, the neighboring states agreed to increase border patrols and to monitor their shared borders with Mali. Speaking privately, Zidan told his closest advisors that the GNC plan to seal Libya's southern borders would complicate this process and confuse the North African states regarding who in the Libyan government is responsible for foreign affairs and security issues.)

10. In the opinion of this sensitive source Magariaf remains committed to the regional security agreements he reached with the governments of Tunisia and Egypt, and is working with Zidan to manage the effect of the GNC on their efforts to prevent foreign assistance from reaching dissident militia groups inside of Libya. As it now stands, the GNC action requires the NLA to act unilaterally and seal the entire southern border, create a military district along that border, and assign a military governor with authority under martial law to arrest or detain wanted criminals and dissidents. In private discussions with Zidan, General Mangoush acknowledged that the southern region continues to be used by groups smuggling drugs and arms, as well as human traffickers, adding that his best troops began operating in the region long before the GNC action. The general pointed out that this area is also used by groups still loyal to the Qaddafi family. At present many of the NLA's best mechanized units are deployed along the border with South Sudan in an effort to block the shipment of weapons and supplies to these groups. Mangoush also added in confidence that, in his opinion, this GNC decision was driven by political calculation rather than concern over security threats, and signals a potential crisis where

GNC deputies attempt to take advantage of institutional weaknesses in the government administration to assert a degree of authority over security and foreign policy.

11. (Source Comment: According to this source, Zidan shared his frustration with Mangoush, assuring him that neither he nor his aides had any role in the GNC action. The general was particularly angered by the fact that assembly's plan was created without consultation with him or his staff, and did not include any realistic consideration of the NLA's ability to carry out this expanded mission. Mangoush also noted that a number of GNC deputies criticized the decision as rushed and without proper internal discussion. In a separate conversation, Mangoush told a senior associate that he believes Zidan may still suspect that Magariaf had a hand in the GNC action, in an effort to gain a dominant position in the government. In the opinion of this source, the fact that the GNC action came shortly after Zidan's visits to the neighboring states to discuss security issues indicates to Mangoush that Magariaf may be moving to ensure that the GNC, rather than Zidan and his cabinet control the vital issue of southern security. Mangoush added that, in his opinion, despite Magariaf's reassurance, the GNC plan, if left as it stands, effectively removes Zidan as the leading policy-maker on security matters.

12. According to this individual, Zidan is taking a low key approach in reacting to the GNC action, choosing not to take any step that might indicate infighting between himself and Magariaf. At the same time the prime minister continues to focus on preserving the validity of the agreements recently negotiated with Libya's neighboring states. Speaking in private Zidan noted that foreign and security policy are his responsibility, rather than that of the GNC. This includes the authority to appoint a commander to oversee the southern military operations. Zidan did note that his choice for military governor of the South would have to be approved by Magariaf.

13. According to a very sensitive source, the serious nature of the security situation in Libya was highlighted in early December 2012, when Mangoush received reporting from the French external intelligence service (Direction Générale de la Sécurité Extérieure – DGSE) that in early May 2012 in Northern Mali a mutual cooperation agreement was concluded between terrorist groups operating in North Africa. The meeting was led by al Qai'da in the Islamic Maghreb (AQIM), Boko Haram of Nigeria, and al Qai'da in East Africa (primarily al Shabaab of Somalia), and was designed to launch the final phase of a project intended to establish a "caliphate" along an extended strip stretching from South Sudan, through Libya to Mauritania. These French officials also warn that subsequent reporting indicates that this effort to concentrate Islamist forces in the region is meeting with a degree of success. They also warn that these forces are dedicated to "religious cleansing" aimed at the governments in that area. The DGSE officials noted that they believe the central figure in this effort is a Somali associated with al Shabaab; Sheik NUR BARUD.

14. In the opinion of this sensitive source the DGSE report highlights the increasingly complex nature of the security situation in Libya, particularly as regional security continues to deteriorate. Mangoush is urging both Magariaf and Zidan to present a united front on the issue of national security, and avoid being caught up in the political infighting in the GNC.

15. (Source Comment: At the same time, this sensitive source states that the debate over the GNC security legislation is an excellent example of the difficulty Zidan is facing in establishing a working government administration and effective cabinet. According to this source, Zidan has done a good job disguising this problem from foreign diplomats and businessmen, but it will be difficult for him to properly organize the government until these political issues have been addressed. In addition, Zidan's efforts are complicated by the ongoing legal problems of former National Transitional Council (NTC) leader Mustafa Abdul-Jalil, who will be questioned by both military and civilian prosecutors regarding his role in the July 2011 assassination of General Abdel-Fattah Younis, Gadhafi's former interior minister and one of the first major defectors from the old regime. Jalil and 10 other NTC officials have been charged with Younis' death, though none have been arrested. This individual notes that a significant number of the advisors and cabinet officials working with Zidan are also former associates of Jalil under the NTC. This individual believes that this matter further complicates the prime minister's efforts to establish an efficient, respected administration before the mid-2013 national elections.)

16. (Source Comment: At the height of the 2011 revolution against the Qaddafi regime, extremely sensitive reporting indicated that in July and August 2011 NTC security officers discovered evidence that Younis was in secret contact with Saif al Islam Qaddafi. In response to this report a sensitive source stated that Jalil ordered NTC security officers to assassinate Younis while en route to a meeting at NTC headquarters. Jalil then reported that Younis had been killed by Islamist dissidents among his troops.)