

RELEASE IN FULL

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Subject: Libyan rebel chief warns of disorder without help (Reuters)

MILAN, Aug 25 (Reuters) - The head of Libya's rebel government warned on Thursday of dangerous destabilisation in the country unless financial aid from the West arrives quickly to help restore services to the population.

Mahmoud Jibril spoke after meeting Italian Prime Minister Silvio Berlusconi, who said Rome had begun unfreezing 350 million euros (\$504.3 million) of Libyan funds in Italian banks to help the rebel movement govern Libya.

Berlusconi said the unfreezing marked a first step in a broader effort to unblock all of the North African country's assets in Italy, the former colonial power.

Italy, once Libya's closest ally in the West, froze around \$8 billion of Libyan assets as part of sanctions against Muammar Gaddafi, whose 42 years in power appeared at an end this week.

"The biggest destabilising element would be the failure of the (rebel) National Transitional Council to deliver the necessary services and pay the salaries of the people who have not been paid for months," Jibril told a news conference in Milan. "Our priorities cannot be carried out by the government without having the necessary money immediately."

Tripoli, the capital taken in a lightning rebel advance earlier this week, is without water supplies, Berlusconi said.

He added that Italy's Eni, the biggest foreign oil operator in Libya, is expected to sign a deal on Monday to supply fuel for the immediate needs of Libyans, without payment.

Berlusconi said the deal included gas but Eni later clarified that only petrol and diesel were involved.

Its CEO, Paolo Scaroni, told reporters that the deal would be in exchange for "future payments in oil which we will receive when the oil fields have restarted".

After talks with Arab and Western allies in Qatar on Wednesday, a senior rebel leader said his side would seek to have \$5 billion in frozen assets released to jump-start the economy and provide vital relief to its citizens. The amount is double the previously given estimate of \$2.5 billion.

The United States has also submitted a draft resolution to the U.N. Security Council to unfreeze \$1.5 billion in Libyan assets. No vote was held on the draft on Wednesday, but diplomats said a vote could come on Thursday or Friday.

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