

RELEASE IN FULL

CONFIDENTIAL

March 13, 2011

For: Hillary
From: Sid
Re: Beleaguered

1. This report confirms independently the information Cody was told in his conversation with Jibril.
2. Among the European leaders, Berlusconi, the one closest to Qaddafi, is factoring in the possibility that Qaddafi might win.
3. Sarkozy's position is fairly isolated and driven partly by domestic political considerations. A poll conducted last week in *Le Parisien* found that Marine Le Pen, who took control of the far right National Front in January, would obtain 23 per cent of the vote in the first round of any election if it were held now. Sarkozy would get 21 per cent. Socialist Party leader Martine Aubry, who has not announced her intention to stand, would also get 21 per cent. Merkel's position also reflects domestic politics to a great degree, though German public opinion is conditioned by opposition to involvement in Afghanistan.
4. Qaddafi is already conducted widespread murders in the areas he has retaken.
5. The consequences of a Qaddafi victory is not articulated, even in the Western press, or generally grasped. Fairly or unfairly, it would be taken as a sign of Western and especially US weakness, decline and fatigue post-Afghanistan; African dictatorships backing Qaddafi would be further entrenched; Syria, aiding Qaddafi, would be encouraged in its manipulation of Lebanon; Iran, supporting Syria, though long hostile to Qaddafi, would feel that the US has been dealt a blow; and the rising generation of Arab youth would feel that the West and the US is not on their side and hypocritical in its rhetoric about "freedom." These would be just some of the collateral damages to national interest.
6. Frankly, (just FYI), National Security Adviser Tom Donilon's babbling rhetoric about "narratives" on a phone briefing of reporters on March 10 has inspired derision among serious foreign policy analysts here and abroad: "These are indigenous movements, first and foremost, and they do offer an opportunity to transform the narrative that defined the Arab world for decades. Democratic movements that have emerged can also counter ... the extremist narrative of violent political change that al Qaeda and affiliated groups, as well as Iranian-exported violent revolution that ... are seen as narratives in the region. This is a strong counter-narrative. ... I am charged day in and day out to plan to avoid ranges of possible negative outcomes in situations, but I think we also have to prepare to take advantage of the profound movement here and really not be paralyzed in any way by the potential downsides, but really be prepared to embrace the positive upsides of what's going on in the region."

The latest report:

During the afternoon of March 12 an official of the National Libyan Council (NLC) stated in strict confidence that, following his trip to Paris for meetings with French President Nicolas Sarkozy, the NLC's envoy, Mahmoud Jabril travelled to Egypt where there was an assassination attempt on him by agents of the Libyan leader Muammar Qaddafi. Jabril, who is staying with family members in Cairo, was visibly shaken when discussing the need for foreign aid for the rebels. Recognition by the French Government was a major accomplishment; however, Jabril's excitement was muted by his frustration over what he believes are mixed messages coming from the Government of the United States. While the NLC leaders believe that Secretary of State Hillary Clinton is making a case for aid to the rebels, he was extremely disappointed with the March 11 congressional testimony of General James Clapper, the U.S. Director of National Intelligence (DNI); indicating that Qaddafi's forces would defeat the rebels.

When asked if he was willing to return to Paris for meetings with Secretary Clinton during the week of March 13, Jabril said that while he was thankful for Clinton's statements supporting the idea of a no-fly zone, and other efforts on behalf of the rebels, he saw no value in another photo session if she was not bringing firm hope of assistance from the U.S. Government. He added that this was a life or death matter for him, his colleagues, and family members. He then returned to Clapper's statements saying sarcastically, and in obvious frustration "We in the opposition cannot win so why should the U.S. lift a finger."

Jabril also said that he would like to know what motivated Clapper's behavior in making this statement in a public hearing. He acknowledged that he understood Clapper's thinking—but insisted that his premise was incorrect: with a no-fly zone in place and some new military equipment in hand, NLC forces would prevail. Jabril added that the situation on the ground in Libya is growing worse by the day. According to him, a Syrian ship arrived in Tripoli with arms on March 10. NLC officials added that Qaddafi is sending representatives to Yemen with funds to bribe government officials to prevent them from expressing support for the rebels.

On March 10, sources with access to entourage of Saif al Islam Qaddafi stated that Libyan intelligence and security officers in the recaptured towns of Ras Lanouf and Brega are going door to door and asking for peoples' cell phones. If the cell phones have calls foreign missions or foreign news services on them, the people are being taken. If an individual does not have a cell phone, the Libyan special units presume that the person is guilty and he is taken away. Where the individuals are being taken and what type of questioning is being done is not known. Saif added that this plan was first suggested by his brother Montasem.

Two senior European security officials provided the following updates on the policy debate among the leaders of the European Union (EU) regarding developments in Libya:

EU

EU leaders met in Brussels on March 11 for a special summit on the Libyan crisis. The meeting resulted in a call for Qaddafi to "abandon power immediately," but there was no mention of formally recognizing the Libyan opposition or of supporting the enforcement of a no-fly zone.

The EU leaders instead chose to wait for the outcome of the Arab League summit on March 12 before moving toward a possible military intervention or recognizing the legitimacy of the rebel government in Benghazi.

ITALY

The Government of Italy is hedging its bet on Libya. Italian intelligence officers have informed Prime Minister Silvio Berlusconi that it is not at all clear that the Qaddafi regime is on its way out, and every day Libyan leader holds out his position grows stronger. Italy has considerable investments and energy assets in Libya, including the \$6.6 billion Greenstream natural gas pipeline operated by the Italian Oil company ENI and located west of Tripoli in Qaddafi-controlled territory. Through this one pipeline, Italy receives about 15 percent of its total natural gas imports. Unlike other foreign energy companies whose assets are either deep in the Libyan Desert or offshore, ENI's Greenstream is a hard asset close to Tripoli and accessible to Qaddafi's troops. ENI's main oil-producing field, the 110,000 bpd Elephant field in the southwest is closer to Tripoli than rebel-held eastern Libya. ENI produces more than double the amount of oil of any other foreign entity in Libya. Most importantly, approximately 15 percent of ENI's total global output comes from the Libyan fields. Accordingly, Rome is reluctant to call for military intervention, a move that would damage its relationship with the Qaddafi regime. That said, Berlusconi and his advisors are maintaining channels of communication both with the Tripoli government and the rebels, to protect ENI's western and eastern energy assets.

FRANCE

On March 10, the French government formally recognized the NLC as the legitimate representative of the Libyan people, a move that caused considerable consternation throughout the rest of Europe. However, the French attempt to lead Europe has thus far failed. The move by Paris to unilaterally recognize the anti-Qaddafi rebels was categorically rejected by the entire European Union and even the United Kingdom. Meanwhile, the new French Minister of Foreign Affairs, Alain Juppe, learned of the French recognition of the Libyan rebels only during his March 10 news conference with Germany's Foreign Minister. This illustrates the extent to which Sarkozy is moving ahead independently, without coordination with his own Foreign Minister. Ultimately, France can operate independently and aggressively for two reasons. First, its energy interests in Libya are not as vast or as physically threatened by the Qaddafi forces, as those of ENI. France's major oil firm, Total SA, produced approximately 60,000 barrels per day (bpd) of oil in Libya in 2009, not an insignificant figure, but its main production area is offshore. Second, nobody is going to call on Paris to put its words into action since it is widely known that France cannot impose a no-fly zone on its own. Therefore, Sarkozy can ask for action on Libya and then blame the inaction on the lack of unity by his fellow Europeans.

UK

The Government of the United Kingdom was the first EU country to call for a no-fly zone in Libya. While not recognizing the rebels, London's calls for international intervention have continued, with Paris and London ready to submit a U.N. Security Council (UNSC) resolution calling for a no-fly zone. There are two reasons that the United Kingdom can be aggressive in Libya. First, unlike Italy, British energy interests in Libya are not extensive. In fact, a change in the regime could benefit both Paris and London if they were seen to have contributed to Qaddafi's downfall. This would be at the expense of Italy, whose hesitation will become a

liability if Qaddafi is defeated by the rebels. Second, nobody expects the United Kingdom to be able to impose a no-fly zone on its own. Therefore, calling for one while other European states assume a more cautious stance demonstrates activism and concern for democratic change in the Middle East, without the associated costs of having to actually take the lead in intervening.

GERMANY

German Foreign Minister Guido Westerwelle said March 10 that the French position is “not the German position,” and an unnamed German government official said the French decision was “of no relevance in terms of international law.” With six state elections approaching, and minimal energy interests in Libya, Chancellor Angela Merkel’s Christian Democrat Union (CDU) Government has no domestic impetus for action. The population is already war weary from their involvement in Afghanistan, and the thought of another conflict in the Muslim world is not appealing to the German people. There is an emerging break between Berlin and Paris on how to deal with Libya. However, because it is the result of Sarkozy’s impulsiveness, German politicians are not too surprised or concerned.

NATO

Turkey and Poland, two key NATO states, have joined Germany and Italy in cautioning against a NATO-led intervention that does not have UN Security Council approval. On March 2, Turkish Prime Minister Recep Tayyip Erdogan called such an action “absurd” and “unthinkable.” With the United States also acting cautiously, NATO agreed to increase its naval military presence of the coast of Libya and to continue planning the implementation of a no-fly zone in case one is approved. NATO also agreed to launch 24-hour air surveillance of Libya using Airborne Warning and Control System reconnaissance aircraft, which can be used to assess whether the Libyan Air Force is being deployed against civilians in rebel held areas.