

RELEASE IN PART B5

From: Sullivan, Jacob J <SullivanJJ@state.gov>
Sent: Tuesday, January 24, 2012 1:00 PM
To: H
Subject: FW: Libya info

FYI

From: Cretz, Gene A
Sent: Tuesday, January 24, 2012 2:58 AM
To: Sullivan, Jacob J; Feltman, Jeffrey D
Subject: RE: Libya info

The Benghazi protestors appear to be a pastiche of different groups of disaffected people including war-wounded, martyrs' families, transparency and accountability demandeurs, and those who believe the east is once again being neglected. So the source of this report attributing the whole thing to war-wounded does not jive, although they may have been the ones who carried out the violent acts. The Belhaj bogeyman is a bit overplayed--no doubt his military influence has waned but he does remain a player --one of many --looking to make political gain in this new environment. The proposition that he is just lying in waiting to take advantage of the current stability to move in and establish an Islamic state appears a bit exaggerated. Minister of Labor Rajbani (who has his own axes to grind) said there is now a group of six ministers (I need to clarify whether this is with al-Keib's knowledg or not) who are serving as the "coholes" of the cabinet and taking decisions the others won't. al-Keib is proceding cautiously (that is his strength and weakness) and that is the problem--this is really the time for a "war-time" cabinet not the cautious approach he appears to be taking does not suit this volatile time. Let's see what the meeting today between the NTC and the government produces--the benghazi protests, the Bani Walid conflict, and the various other incidents that have flared up in recent days point to the need for some real drastic movement in the DDR process and in the other issues that engender current dissatisfaction among the populace. I can't really comment on the points regarding foreign contracts except to say it rings true given the current government's reluctance to make any significant decisions, especially regarding past or future issues of money. The Heftar piece also sounds a bridge too far given al-Keib's disposition. But I do agree that it is not too late if this government can just organiza itself and take some fundamental decisions to i mprove liquidity, get the real war-wounded good treatment, and push the MOD and MOI to speed up the DDR process.

From: Sullivan, Jacob J
Sent: Tue 1/24/2012 2:25 AM
To: Cretz, Gene A; Feltman, Jeffrey D
Subject: Libya info

Interested, as always, in your views.

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 the evening of January 22, 2012, according to an official with access to the leadership of the National Transitional Government (NTC), Libyan President Mustafa Abdul Jalil spoke at length with Prime Minister Abdurrahim el-Keib, stating in a heated exchange that el-Keib's government must take the steps necessary to address the complaints of the demobilized fighters from the 2011revolution. Jalil pointed out that the new government has been discussing this situation since it was formed in October 2011, and matters have now reached a crisis point, with a group of more than 2,000 disgruntled veterans, supported by students, attacking the NTC offices in Benghazi on January 21, destroying computer equipment and NTC files. These demonstrators, some of whom threw Molotov cocktails at the NTC headquarters building, continue to demand better medical care, jobs, payment for their time in the revolutionary army, and

B5

a commitment to transparency on the part of the el-Keib regime; particularly the appointment of cabinet members and senior officials.

2. According to this source, when el-Keib replied, pointing out that demonstrators were camped outside of his office in Tripoli. He added that the government had to proceed in a measured and professional manner; Jalil stated in angry tones, that NTC staffers were beaten and could have been killed during the January 21 incident, pointing out that this is how the rebellion against Muammar al Qaddafi began in February 2011. Jalil also warned that Islamist leader General Abdel Hakim Alamin Belhaj and his supporters, particularly militia commanders from Zintan, Misrata, and other western regions, are anxiously waiting for the NTC government to collapse. Their goal, in the opinion of this individual, is to eventually move in and establish a strict Islamic state. Jalil, added that his contacts in the Egyptian Muslim Brotherhood had been in touch during the preceding week, warning that the threat from Belhaj is very real. El-Keib stated that he must press Minister of Defense Osama al-Juwali and Interior Minister Fawzi Abd Ali to be more efficient in administering their positions. According to this individual, el-Keib fears that al-Juwali, who was a western commander during the revolution, may be maintaining a secret relationship with Belhaj and his allies. In response, Jalil warned el-Keib to avoid trying to use the regular military forces posted around Benghazi under General Khalifa Belqasim Haftar in an effort to restrain the former militia troops as such a step could lead to civil war.

3. (Source Comment: In the opinion of an extremely well placed individual, el-Keib is, in fact, increasingly frustrated by the inefficiency in his regime and the inability of his ministers and administrators to arrange contracts with foreign firms. He complains that his principal advisors, Minister of Oil Abdulrahman Ben Yezza and Minister of Finance Hassan Ziglam, have been too timid in resolving the questions associated with contracts involving foreign firms, both old and new. At present it appears that whenever one official raises a question regarding an agreement the entire matter is put on hold and delayed. In the opinion of this source, el-Keib knows that without these agreements he cannot meet the demands of the veterans and the students. El-Keib stated in confidence, that he may have made a serious mistake in removing the former oil/finance minister Ali Tarhouni from the government. El-Keib also noted that Jalil is shaken by the January 21 attack on NTC headquarters and is searching for ways to appease the demonstrators. Most recently he asked Abdel – Hafidh Ghoza, his principal deputy and NTC spokesman to step down. Ghoza, who comes from the Benghazi area, was particularly unpopular with the western troops.)

4. Following the discussion with Jalil, el-Keib ordered Ziglam and Ngeb Obeda, the head of the Stock Exchange, to move with all possible speed to address the issue of the foreign contracts and arrange for new vendors to provide the services demanded by the veterans and students. In this discussion he pointed out that if they cannot deal with this situation they will not have to worry about the national elections in 2012, Libya will be an Islamic Republic, with Belhaj as the ruler. El-Keib pointed out that foreign governments and large oil firms must be aware of this threat and that this will frighten them into meeting the conditions for foreign contracts set out by the NTC.

5. (Source Comment: According to an extremely sensitive source, el-Keib spoke secretly with Haftar, stating that he, and those troops loyal to him, should be prepared to move to protect the government in the event of increased violence. This effort could include moving against Belhaj and attacking militia forces before they can unite and organize. El-Keib emphasized that this is for planning purposes only, and no action should be taken until el-Keib gives the order. He emphasized that he will do everything possible to avoid civil war, but he is now concerned that Jalil will be unable to deal with the level of hostility against the NTC, and cannot be counted on to take strong positions against Belhaj and his supporters. In the opinion of this individual, el-Keib cannot back away from his commitment to technicians in senior positions, but he will press them as hard as he can to have the government respond to the needs of the veterans and students. El-Keib believes it is not too late to address these problems, but they must move quickly.)