

RELEASE IN FULL

CONFIDENTIAL

March 31, 2011

For: Hillary
From: Sid
Re: Mousa Kousa fallout

Latest report:

On the evening of March 30, 2011 individuals with access to the leaders of the National Libyan Council (NLC), speaking in confidence, expressed concern that the resignation of the Libyan Foreign Minister Mousa Kousa and his travel to London may be part of a plan created by Saif al-Islam Qaddafi designed to initiate a dialogue between the government of Muammar Qaddafi and the Western allies, whose forces have been carrying out air attacks against Qaddafi's troops since March 19. These officials believe that Qaddafi's military commanders are concerned that the current reduction in the number of allied air attacks is simply the result of bureaucratic complications involved in turning over command of the operation from the United States Military to NATO. These commanders fear that once this transfer is complete, the number of attacks will increase. At the same time, Qaddafi's intelligence services are telling him that allied intelligence and special forces officers are now working with the rebels and eventually the fighting performance of this force will improve.

Accordingly, rebel commanders are concerned that Qaddafi, under advice from Saif, is sending envoys to friendly business and political leaders in Europe in an effort to obtain their assistance in bringing an end to the allied attacks. In this regard, the rebels believe that Mousa Kousa, in meetings with British officials, will raise the idea that a peace agreement can be reached between the government and the rebels, one that will leave the Qaddafi family in power, while guaranteeing economic and political reforms. Those individuals who subscribe to this point of view believe Saif still sees himself as an acceptable replacement for his father.

(Source Comment: The leadership of the NLC remains committed to the goal of deposing Qaddafi and will not accept a negotiated settlement that leaves the Libyan leader or his sons and close advisors in power.)

In commenting on the situation in Libya, a source with access to senior Western European officials stated in private that if NATO does not maintain the same level of attack against

Qaddafi's troops as the United States military, the situation will become a stalemate in the next six weeks. In that case, these European officials add that Libya will divide into eastern and western halves, with Germany, Turkey, and Italy having good relations with the Qaddafi regime in the west, while France, Egypt, and Great Britain work with the NLC in the east.

These officials state that the Western powers must avoid the trap of making decisions based on domestic political considerations, giving the NLC enough support to survive, without providing the material and training needed to win the war.

(Source Comment: According to this source, the officials in question believe that the various European and NATO countries have already begun to make plans for such a stalemate. They believe that Qaddafi will eventually fall, as his inner circle is degraded, but they fear the process may take some time. These individuals qualify this position by adding that if the NATO attacks resume at their previous levels, and the rebels improve their organizational structure, the Libyan Army will not be able to hold captured areas, and will eventually give up the fight.)