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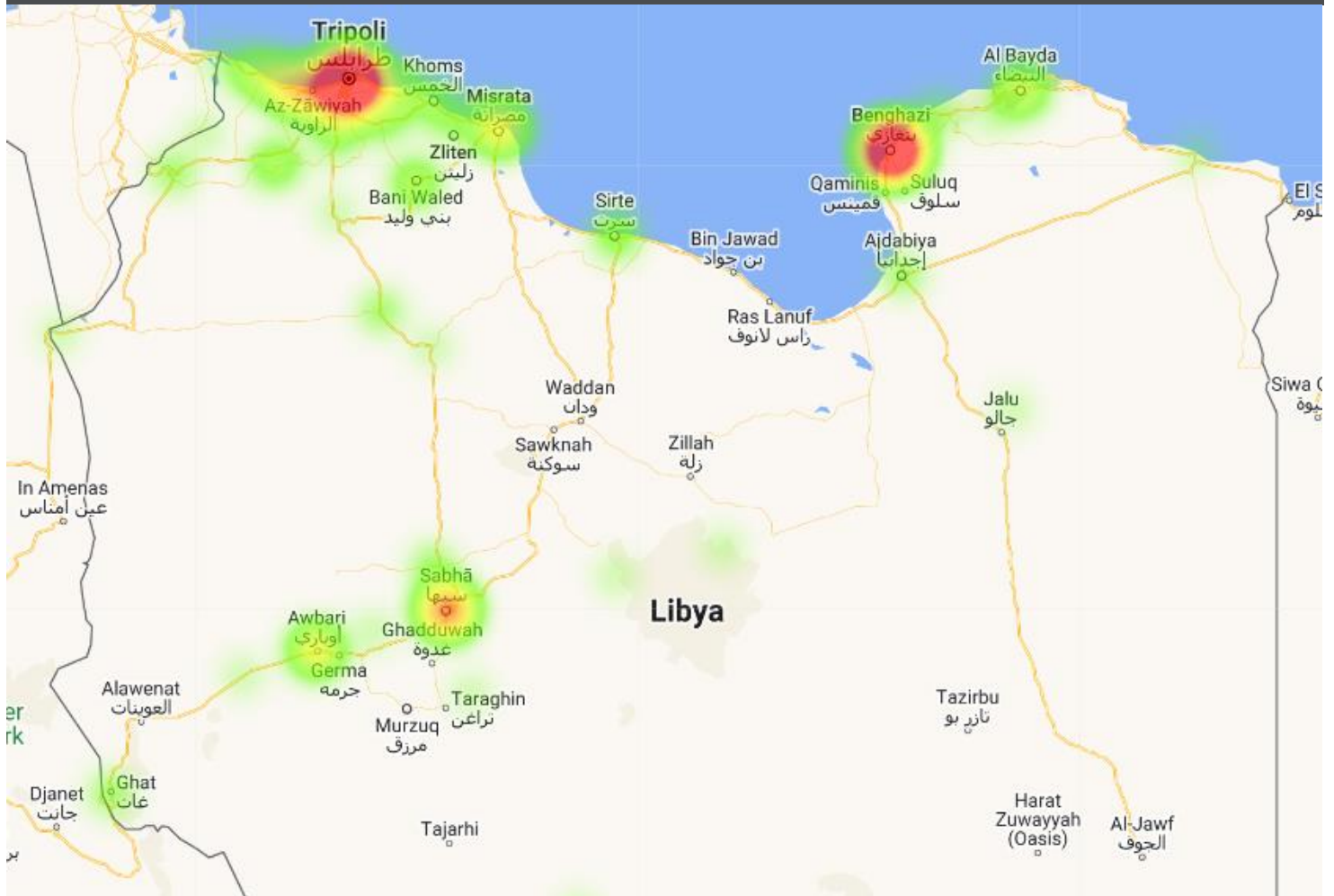
LIBYA

Monthly Political Stability,
Economic And Security
Threat Assessment
MARCH 2023



COUNTRYWIDE OVERVIEW

FIGURE 1: INCIDENT ACTIVITY IN LIBYA, MARCH 2023



KEY DEVELOPMENTS

- Foreign stakeholders, and especially the US, the UK and the EU, are strengthening ties with the GNU and the LNA, because they need Libya to remain stable in the context of the Ukraine war and because there are no other viable interlocutors in Libya. NATO remains concerned of possible Russian-backed sabotage to the Libya oil infrastructure via the Wagner group.
- Prominent Tripolitania-based militia leaders participated in the 29 March meeting.
- O&G companies are being awarded contracts in Libya.

OUTLOOK

- The situation is expected to remain stable in the next quarter, but trying to organize elections in 2023 will likely destabilize Libya, because stakeholders will feel their position as at risk. The likelihood that elections will be held in Libya in 2023 is decreasing rapidly.
- Their participation confirms that the initial phases of this east-west rapprochement are not just an empty diplomatic effort which excludes the real power-brokers on the ground. For them, the meeting was a stage to showcase their political influence and draw international recognition and, possibly, also a stepping stone to support even more ambitious political aspirations.
- Current stability will keep favoring investments. The PFG is committed to not allowing output disruptions.

THE POLITICAL PROCESS

INTERNATIONAL ENGAGEMENT

- Foreign diplomats continued their engagement with eastern and western powerhouses to foster the political process and pursue their priorities in Libya.
- Foreign stakeholders, and especially the US, the UK and the EU, are strengthening ties with the GNU and the LNA, because they need Libya to remain stable in the context of the Ukraine war and because there are no other viable interlocutors in Libya. NATO remains concerned of possible Russian-backed sabotage to the Libya oil infrastructure via the Wagner group.
- The rapprochement underway between other regional actors like Turkey-Egypt and Egypt-Qatar, and the ambivalent role of the UAE between GNU and LNA also support stability in Libya.
- The above creates incentives for foreign stakeholders not to have elections in Libya, despite their narratives. Trying to organize elections in 2023 will likely destabilize Libya, because stakeholders will feel their position as at risk. The likelihood that elections will be held in Libya in 2023 is decreasing rapidly.
- UNSMIL's roadmap is not gaining traction; the HoR and HCS are unlikely to achieve a breakthrough.

EASTERN AND WESTERN SECURITY LEADERS MEET IN TRIPOLI

On the evening of 29 March, eastern and western military leaders, members of the JMC 5+5 and UNSMIL head Bathili met at the Rixos hotel in Tripoli. This was the first official meeting in years between high-level security leaders from the whole country. The meeting discussed ways to coordinate and secure a possible election. It was agreed to hold another meeting on an unspecified date before the end of Ramadan in Benghazi to continue the discussion.

- Eastern attendees included: LNA Chief of Staff Abdulrazak Al Nadori, GNS Interior Ministry Undersecretary Faraj Qaim, Director of Khalifa Haftar's office Khairy Al Tamimi, 128th Brigade commander Hassan Maatouq Al Zadma, TBZ commander Omar Marajeh, and JMC 5+5 members Marajeh Al Amami, Mahdi Al Sharif and Basem Al Buaishi.
- Western attendees included: GNU Interior Minister Emad Trabelsi, SSA leader Ghneiwa Al Kikli, 52nd Infantry Brigade commander Mahmoud Bin Rajab, 444th Brigade commander Mahmoud Hamza, Counter-Terrorism force commander Mukhtar Al Jahawi, 310st Infantry Battalion Abdulsalam Al Zoubi, and Joint Operations Force commander Omar Bogdada.

The meeting confirms previous analysis:

- The ongoing coordination between Tripolitania and Cyrenaica, supported by international efforts, promotes stability at the country-wide level. East-west stability is likely to last at least until the end of 2023, with Russian-backed proxies being a possible spoiler (see 10 February Weekly Threat Assessment).

Scheduling an election before the end of 2023 would be a trigger for a disruption of the status quo, with likely destabilizing effects on the east-west balance and possible effects on militia balances in Tripoli. The status quo can only last until all stakeholders know their positions of power are not at risk.

- Tripoli-based militias understand the red lines they cannot cross (see 24 March Weekly Threat Assessment). If this was not true, the delegation from Cyrenaica would have not come to Tripoli. As already stated, this is also a strong indication that significant violent escalations between militias in Tripoli remain unlikely at least until the end of Q2 2023.

The participation of prominent militia leaders at the meeting confirms that the initial phases of this east-west rapprochement are genuine, as opposed to being an empty diplomatic effort which excludes the real power-brokers on the ground. Foreign pressure is key to maintain the momentum (see 10 February Weekly Threat Assessment).

Tripoli-based militias managed to use the meeting as a photo op from which to draw legitimacy and international recognition. The meeting was a stage to showcase their increased political influence and, possibly, a stepping stone to support even more ambitious political aspirations, following the same path of Mol Trabelsi.

PFG REMAINS COMMITTED TO AVOIDING OUTPUT DISRUPTIONS

As previously reported by Intelyse, one of the key priorities of the US and European stakeholders in Libya in this phase is to ensure the continued flow of oil and avoid export disruptions, given energy insecurity caused by the war in Ukraine. This manifested in efforts to de-escalate tensions between the eastern and western Libyan blocs, and with an increased international engagement with Libyan power brokers. Aside from high-level political tensions which might affect the oil sector, the GNU and other local actors in Tripolitania seem committed to preventing also local threats to oil operations and output.

On 13 March, the Zintan Security Directorate arrested Muhammad Bashir Al Qarj. Al Qarj is a fuel smuggler who is also part of western-based PFG structures in the Zintan area. Al Qarj is responsible for closing the oil pipeline valve located near Riyayna, northeast of Zintan, and disrupting oil output multiple times to blackmail Tripoli-based governments and obtain concessions.

On 20 March, members of the western Petroleum Facilities Guards (PFG) staged a demonstration in front of the Office of the Prime Minister in Tripoli. The protesters demanded a salary raise and improved living conditions. Their protest echoes those staged by other public sector employees in the past weeks (see 10 March Weekly Threat Assessment).

The PFG protest is a further confirmation that the PFG is committed to advancing its demands without blackmailing the GNU and compromising oil operations. In turn, shielding the oil sector from possible disruption remains a key priority for the GNU and its foreign supporters, mainly the US, the UK and EU.

US MULTINATIONALS WIN NEW O&G CONTRACTS

- A US company has reportedly won a USD 1bn contract with the NOC to rebuild Dhara oilfield. The field was destroyed by ISIS in 2016. This plays into the NOC's goal to increase oil output.
- A different US company is reportedly being awarded a USD 400 million contract, also with the NOC, to build a refinery in Fezzan.

PRODUCTION STARTS AT ERAWIN FIELD

On 29 March, the National Oil Corporation (NOC) announced the start of production at the Erawin field, about 40 km northwest of Alawenat. The production rate is 3,000 barrels per day (bpd) and is expected to increase to 16,000 bpd once the field is fully operational. The development comes amid ongoing efforts to avoid oil disruptions in Libya (see 17 March Weekly Threat Assessment) and increase oil production.

MILITIAS IN TRIPOLI UNDERSTAND THEIR RED LINES A THIS MOMENT IN TIME

The militias understand that international players in this phase prioritize stability in Libya and in Tripolitania, and continued oil exports. Low-level militia clashes are not going to undermine these priorities, hence low-level tensions will keep occurring in the medium term, largely driven by militia attempts to expand their sphere of influence and competition over access to resources. These tensions can disrupt traffic and operations for time periods which are not expected to exceed 72 hours.

The Zawiyah area will remain at risk of more frequent tensions than Tripoli. Tensions in Zawiyah are not expected to expand into Tripoli and destabilize the capital in the short term.

The militias cannot afford to take any action which would destabilize the GNU or the political and security situation in general. They also have no reason to do so, since they are benefiting from the status quo. Significant escalations of violence in Tripoli therefore remain unlikely in the foreseeable future.

US AND HAFTAR'S INTERESTS ON WAGNER LIKELY ALIGN, BUT LIMITED ROOM OF MANEUVER

On 20 March, Khalifa and Saddam Haftar met with US Assistant Secretary of State Barbara Leaf, US Ambassador to Libya Richard Norland and US Charge d'Affairs Leslie Ordeman. The meeting covered the political progress in Libya, but there is consensus over the fact that the real focus of the discussion was the presence and activities of the Russian-backed Wagner group. Reliable sources confirmed that, after the visit of CIA Director Burns to Benghazi in January 2023, Wagner has been enjoying less freedom of maneuver in Libya and has ceased training activities.

As already reported by Intelyse, the Wagner group is a strategic asset of Russia in Libya and one of the main western concerns. The risk is that Wagner sabotages Libyan oil infrastructure and undermines European energy security to raise the EU's cost of providing military support to Ukraine. The US and the UK need the EU to keep supporting Ukraine militarily.

Haftar and the US share the interest of avoiding that Wagner disrupts oil output or destabilizes Libya in any way. Haftar knows that any Wagner action to sabotage Libyan oil infrastructure would be pinned on him, and is concerned because he does not control Wagner directly. Sources claimed that, during previous talks with US officials in January and February, Haftar opened to the possibility of removing Wagner forces from Libya, but asked for US security guarantees in exchange. For the US, it is hard to provide such guarantees, but there are other countries close to the US which would be open to it, such as France (whose diplomatic engagement with the eastern bloc seems to have recently increased), Egypt and the UAE.

However, Haftar does not want to jeopardize his relationship with Russia, and probably has no viable way to physically remove Wagner operatives. In light of the above, Haftar likely prefers to closely guard Wagner and pretend to be doing a favor to the US by doing so (he would guard Wagner closely anyway). Since Haftar has little leverage on and intention to remove Wagner, the US is likely going to accept that Wagner remains in Libya under a very close watch. This might not exclude the deployment of American surveillance assets.

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