

# »»» Menas Libya Focus

Independent monthly news and analysis of economic, political and financial developments in Libya

Libya Focus - July 2023



NOC CHAIRMAN FERHAT OMAR BENGDARA WILL RUN THE NEWLY ESTABLISHED COMMITTEE

## Oil blockade averted, but tensions are still running high

Fears of another impending blockade of Libya's oil fields and export terminals were averted in July when the Presidency Council agreed to establish a special committee to oversee public spending. The National Committee for Determining Public Expenditures and Preparing Financial Arrangements is the culmination of eastern Libya's long and concerted push to try to access the country's oil revenues. Although the Tripoli-based incumbent Government of National Unity (GNU) has continued to pay salaries across the country's three regions – Tripolitania, Cyrenaica and Fezzan – the eastern-based parallel rival Government of National Stability (GNS) has not been able to obtain state funds since its creation in March 2022.

The east's frustration about this lack of access to funds is not new. Ever since the country split into two competing authorities in 2014, it has complained that Tripoli has retained control over the country's finances. These complaints also tap into the region's long-held grievances about centralisation and marginalisation, which date back to the time of **Muammar Qadhafi's** former regime, but that have become increasingly acute since 2011. These grievances have resulted in the succession of oil blockades that have been imposed by eastern powerbrokers since Qadhafi's fall and in repeated calls for a more equitable distribution of the country's oil wealth.

These frustrations have recently been heightened by the actions of GNU Prime Minister,

**Abdulhamid Dbeibah**, who has continued to draw on state funds outside the public budget. Thanks to his close relationship to the Central Bank of Libya's (CBL) Tripoli-based governor, **Sadiq el-Kabir**, he has been able to spend at whim and thereby bolster his support base in the west. With the prospect of presidential elections on the horizon, his opponents fear that Dbeibah will use public money in his election campaign. There is growing agitation in the east where there has recently been a notable focus on the GNU's financial affairs with ongoing accusations of corruption, nepotism and centralisation.

### East takes action...

With frustrations mounting, the eastern powerbrokers decided to take action to try

to restrain Dbeibah. In January 2023 the current GNS premier, **Osama Hamad** – who at the time was its Planning and Finance Minister – issued a decision imposing an administrative sequestration of oil revenues earned in 2022. Hamad, who is a close ally of **Khalifa Haftar**, called for these revenues, which at the time amounted to around US\$27 billion, to be frozen in the Libyan Foreign Bank (LFB) on the grounds that the GNU was allegedly bleeding the public purse. Salary payments were not included in this freeze. In issuing this decision, Hamad referred to Law 152 of 1970 which gives the Planning and Finance Minister the right to impose such an administrative embargo where appropriate.

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Predictably enough the GNU ignored the decision by the internationally unrecognised parallel government to the frustration of those in the east. Dbeibah continued to spend non-budgeted funds that are supplied by the central bank with abandon.

In June, the National Oil Corporation's (NOC) chairman, **Ferhat Omar Bengdara**, decided he wanted some of the NOC's budget allocation released and appealed to the judiciary in Benghazi to try to get the embargo overturned. His appeal was rejected by the Benghazi court which prompted Hamad to assert that the judiciary had been 'fair to the Libyan government in supporting the validity of the measures' taken by him in January to sequester oil funds in order to stop 'the draining of public money.'

### ...as Hamad ups the stakes...

Yet, regardless of the Benghazi court's decision, those in the east could see little prospect of change in Tripoli. These feelings increased last month when the UN threw cold water over the new election laws that were drawn up by the Joint Committee for the Preparation of Election Laws (a.k.a. 6+6 Committee) in the Moroccan coastal town of Bouznika. This effectively stymied efforts by the Tobruk-based House of Representatives (House) and the Tripoli-based Higher Council of State (HCS) to form a new interim government (see below). The eastern camp was left increasingly despairing that it would never be able to remove Dbeibah and the GNU, or that it would get what it believes to be its fair share of the country's oil revenues.

The eastern authorities therefore decided to increase the stakes and pile additional pressure

## Implications

- The Presidency Council's establishment of the financial oversight committee will avert an immediate oil blockade by the **Khalifa Haftar's** Libyan Arab Armed Forces (LAAF). However, if this committee does not produce results by the end of August – which is highly likely given the resistance in Tripoli to allowing the east to get its hands on Libya's oil wealth – there will be a serious risk of another oil production and export shutdown. The east has made it abundantly clear that it is serious and will not shy away from imposing such a blockade if it believes it has no alternative option.
  - Separately, there is also a risk of an oil blockade being carried out by the Zwiya tribe which has various oil fields in its territory. It has been instrumental in previous oil shutdowns, and if **Faraj Bu Matari** – the finance minister in the previous Government of National Accord (GNA) – is not released, it will likely make good on its threats to stage the blockade.
  - The House of Representatives (House) and Higher Council of State (HCS) will continue to press hard for the formation of a new interim government. This is in spite of the ongoing resistance to the idea by the UN and Western powers. The formation of such a government will continue to override
- the ongoing efforts to create a workable election framework.
- If a new interim government is appointed, there will be a fierce backlash in the west among the supporters of the incumbent Government of National Unity's (GNU) Prime Minister **Abdelhamid Dbeibah's** supporters. He is not going to step aside so any attempt to impose such a new government in the capital will risk conflict. If, however, it is located elsewhere, it will face the same fate as previous parallel governments that have not been able to anchor themselves in Tripoli.
  - Controlling western Libya will remain a serious challenge for Dbeibah. Despite his efforts to extend his influence, the ongoing fragmentation of the region and the entrenched nature of the forces that control their own areas mean that he and any successor will always be constrained by local powers.
  - Khalifa Haftar's insistence on promoting his sons to senior military and security positions will continue to agitate and provoke accusations that he is attempting to create a dynasty. However, this is unlikely to create serious problems for the LAAF head who remains the unchallenged powerbroker in eastern Libya.

on Dbeibah. On 24 June, Hamad issued a statement warning that he would enforce the administrative sequestration by appointing a judicial custodian who would ensure that,

besides salary payments, future flows of public money would not go to the GNU. He also threatened that, if the attempt to appoint a judicial custodian did not bear fruit, he would

appeal to the judiciary to issue orders for the declaration of force majeure on the grounds that the GNU was wasting public money.

Unsurprisingly his declaration elicited immediate support from the parliament's Energy Committee as well as the backing of 72 members of the House who expressed their backing for the move. Notably, some members of the Higher Council of State (HCS) in Tripoli – who are opposed to Dbeibah and want to see him brought down – also threw their support behind the move. They argued that an oil shutdown would be justifiable in light of the GNU premier's spending of public funds. Like those in the east, these HCS members fear that Dbeibah is continuing to use oil revenues to bolster his chances of becoming head of state whenever the presidential elections eventually take place.

Despite this, however, not everyone in the HCS agreed. These include factions who support Dbeibah and who accuse Hamad of trying to blackmail the GNU and of doing so at the behest of his patron, the Libyan Arab Armed Forces' (LAAF) general commander, Khalifa Haftar. The GNU's Oil and Gas Minister **Mohamed Oun** – who is certainly not an ally of Dbeibah – also hit out at the threatened oil shutdown. He warned that the Libyan people would be the victims of such a blockade and that interruptions to gas supply would reduce electricity generation even further.

### ...and Haftar steps in...

While the actions of Hamad and the House of Representatives placed Dbeibah under political pressure, this increased on 3 July when Khalifa Haftar waded into the debate. Following

meetings with the House's powerful speaker, **Aguila Saleh** – and about 90 MPs, as well as with senior military and security commanders – Haftar gave a speech at a military gathering that was broadcast by the Al-Hadath television channel. He called for the establishment of a supreme oil committee comprising legal and financial experts who would ensure that Libya's oil wealth was equitably distributed across its three regions. He warned that the committee must begin its work before the end of August.

Ominously for Dbeibah and the GNU, he threatened that, if it did not do so, he would initiate an oil production and export blockade. He warned, 'If the start of the work of this committee is delayed for any reason, Libyans from all areas and cities will be ready to demand their legitimate rights from the oil wealth until all our citizens enjoy their country's wealth that has been denied to them because of selectivity and moodiness and deliberate tampering.' He went on to warn, 'In this regard, the armed forces should be on standby at the required time to do their mandated tasks.'

### ...and lashes out at US ambassador

Haftar also launched a scathing attack on US ambassador to Libya, **Richard Norland**, who agitated many in the east when he responded to Hamad's threat to issue force majeure by cautioning against an oil blockade. In a 30 June tweet, Norland wrote, 'The US urges Libyan political actors to abandon threats of an oil shutdown that would be highly destructive to Libya's economy and hurt all Libyans.'

Haftar and the eastern camp took these remarks as further proof of Washington's

## STOP PRESS

# Zwiya tribe threatens of oil shutdown

At the time of writing, a new crisis was emerging in Libya's energy sector. Just as the country had managed to avert an oil shutdown orchestrated by the authorities in the east, the sheikhs and notables of the Zwiya tribe are threatening to blockade oil fields and ports.

The crisis is rooted in the arrest on 11 July of **Faraj Bu Matari** who was the finance minister in the previous Government of National Accord (GNA). Bu Matari, who is a member of the Zwiya tribe, was abducted from Tripoli's Mitiga airport by the Internal Security Service (ISS) which is headed by **Lutfi al-Harari**. This was despite the fact that he is said to have recently received assurances from the General Prosecutor that there were no cases outstanding against him.

Although it is unclear why Bu Matari was arrested, prior to his abduction he had been touring different Libyan towns and cities in what appears to have been an attempt to

support for Dbeibah and his allies in western Libya. The east has long been frustrated at the backing given to the internationally recognised GNU by the US and other western powers, and their refusal to recognise the GNS but this is because the parallel government was unilaterally established by the House and other eastern stakeholders. The east is also angry at

promote himself as a possible replacement for **Sadiq el-Kabir** as a new head of the Central Bank of Libya (CBL). To some in the west he is regarded as Haftar's candidate for the post. Some of his allies have therefore argued that his abduction was orchestrated by el-Kabir and Dbeibah as a means of stymying his ambitions to take over at the central bank. However, Bu Matari has also had problems with al-Harari in the past. The latter used to be a senior figure in the Nawasi Brigade but, while he was finance minister, Bu Matari cut off financial flows to the force.

Whatever is behind the arrest, the Zwiya tribe are outraged at the arrest of one of their tribesmen. The sheikhs and notables issued an ultimatum, giving the ISS until midnight on 12 July to release Bu Matari or else they would force the closure of the oil fields and ports, adding, 'We are serious, regardless of the consequences.'

With the deadline having passed, it was not clear on 13 July whether or not Bu Matari had been released, and there were conflicting reports on the matter. If he remains in detention then there is a serious risk that the Zwiya tribe, which has many oil fields in its territory, will force a blockade until he is freed.

the international community's resistance to the appointment of yet another new transitional unity government – that would be more representative of the country as a whole – to replace the GNU and oversee the elections.

Norland's warning against an oil blockade was therefore taken in the east as another

example of partisan behaviour. Those in the east, along with many in the west, also fear that Washington has set its sights on Libya's money. In mid-2022, Norland pushed for the idea of setting up a new financial mechanism to manage Libya's oil revenues and ensure fair distribution across regions. However, his vision included the establishment of a special supervisory committee comprising foreign experts who would be tasked with monitoring revenues. This inclusion of foreign specialists did not sit well with Libyans and drew accusations that Norland was planning something akin to the Oil for Food programme that the United Nations imposed on Iraq in 1995. Ever since then, there has been a mistaken perception among some in the east that the US is determined on controlling and thereby getting its hands on Libya's money.

Despite the fact that the US, along with other western powers including France and the UK, has displayed a certain sympathy for the eastern camp – or at least an understanding of the fact that current financial arrangements in Libya are unbalanced and disadvantage the region – Norland and his western allies are deemed to be working against its interests.

Prior to Haftar's outburst, Hamad had already criticised Norland for his condemnation of the proposed blockade, accusing him of 'blatant intervention' in Libyan affairs. He called on Norland to respect the sovereignty of the Libyan people and in a tweet accused the GNU of squandering Libyan money, warning that his government would take steps to 'preserve state funds and halt the hands of the abusers.'

Haftar was equally robust in his attacks, asserting, 'We would like to point out the insults of some ambassadors, led by Norland, who contributed to deepening the differences between Libyans, and in turn we demand that the ambassadors refrain from sticking their noses in the affairs of the Libyan people.' After stressing that the solution to the country's crisis was 'purely Libyan,' Haftar declared that experience had shown that these ambassadors had 'lost any vision they had to solve the Libyan crisis,' and called for elections without any outside interference. Haftar also warned, 'Stay away from Libya and do not cross the line, because you created the crisis and sowed discord among Libyans.'

### Presidency Council establishes a committee...

While Dbeibah and his supporters in the west were already worried about the possibility of yet another oil shutdown, Haftar's unbridled intervention was the clearest sign yet that the east was serious and was not indulging in idle threats regarding the halting of oil exports. Fearing further financial haemorrhaging – as happened when Haftar imposed his last blockade for eight months – those in western Libya were galvanised into action, with various institutions coming together to double down on their efforts to avert a blockade. On 6 July the Presidency Council announced the establishment of its National Committee for Determining Public Expenditures and Preparing Financial Arrangements.

This 18-member committee is led by the Presidency Council's head, **Mohamed al-Menfi**, and includes representatives from the: House;

HCS; GNU, LAAF; Central Bank of Libya (CBL); National Audit Diwan; Administrative Control Authority; and the National Oil Corporation (NOC). The committee's deputy leader is NOC chairman, Ferhat Bengdara, who will be its real leader with al-Menfi's role being largely symbolic.

Bengdara is alleged to have been pushing for such a committee for some time. According to certain reports, after meeting with Hamad, he told Dbeibah that unless such a committee was established, he would resign as NOC chairman. Some sources have claimed that major antagonism has recently developed between Dbeibah and Bengdara, with the former accusing the NOC head of lacking in transparency after getting his hands on US\$ 7 billion that were allocated to the NOC in May 2022. There are also claims that Dbeibah accused Bengdara of channelling some of this money to Haftar's son **Saddam Haftar**, although this is unconfirmed.

According to al-Menfi the new committee's task will be to: oversee government expenditure; ensure that it is transparent; and ensure that oil revenues are distributed in an equitable manner. The committee's decisions, which must be agreed by two thirds of its members, are to be binding.

### ...in a blow to Abdelhamid Dbeibah...

The committee's establishment is a major blow to Dbeibah who has not yet made any public response to its formation and has seemingly chosen to ignore what is going on. Unsurprisingly the GNU prime minister cannot

be seen to stand in the way of this initiative, which clearly has the support of many Libyans and also aspires to bring transparency and fairness to the spending of public funds.

It is also difficult for him to object publicly given that the new committee has the strong support of international powers including the US. In a 10 July tweet, Norland welcomed the committee's establishment and described it as 'an important step toward equitable distribution of public revenues and greater fiscal transparency.' He added, 'Libya's wealth must benefit all Libyans across all regions,' and noted that the 'show of unity' set an important precedent for 'peaceful resolution of legitimate grievances.' Other Western powers, including France, also added their voices to this show of support.

Given that Dbeibah has staked much of his legitimacy on the global community's continued recognition of his internationally recognised government, he could hardly stand against such a project. He and his allies in the west were all but cornered into accepting the establishment of this committee as a fait accompli.

It has the potential to curtail Dbeibah's spending and to stop his use of state funds as a means of retaining and expanding his support base, including the array of armed groups that have aligned themselves to the GNU. It will also put pay to any dipping into public finances in order to buy support ahead of presidential elections.

Furthermore, the committee will make it difficult for the western authorities to retain complete control over Libya's finances. One

of the key sources of power of the deeply divided western camp has been its ability to dominate and control the country's financial institutions and money flows. If this domination is challenged it will find itself weakened.

Establishing this financial oversight body therefore marks a major policy triumph for the eastern camp which successfully applied pressure in order to achieve its objectives. It has been notably united and cohesive in its efforts to get its hands on oil revenues while simultaneously weakening Dbeibah and his backers in the west. Haftar and the House speaker, **Aguila Saleh**, may still have their differences but they are clearly on the same page as far as these efforts are concerned.

### ...although it may not succeed

Those in the east are well aware, however, that the committee's establishment will not necessarily result in meaningful change. For all that the various bodies in the west, including the GNU and the central bank, may be going along with the measure in order to avert an imminent oil shutdown, they are likely to attempt to prevaricate and try to manipulate proceedings once it actually comes to implementing oversight procedures. There will be countless opportunities for spanners to be put in the works and they will be seized at every opportunity. Dbeibah and el-Kebir, and their western backers, are not going to relinquish control of Libya's purse strings without a struggle.

There are already complaints about the new committee emanating from western Libya with some arguing that the Presidency Council is not authorised to set it up and that its formation

requires some sort of legal process. Some in the west have accused the committee of being manipulated by foreign powers. Former culture minister, **Habib Mohammed al-Amin**, claimed that al-Menfi had 'submitted to the vision of the Americans' in order to stay in power.

Dbeibah and others will therefore be hoping that the committee will follow in the footsteps of other initiatives and get bogged down in prevarication, detail and disagreement, thereby effectively rendering it useless and enabling the GNU to continue to draw on the country's funds.

This possibility has not escaped those in the east who are trying to cover all bases and preempt the GNU from being able to wriggle out of dispersing development funds to the east. Hamad announced on 11 July that a court in Ajdabiya had agreed to his request to appoint a judicial custodian in order to sequester oil revenues, thereby warning the west that the east will pursue all means to ensure that they get what they want.

More importantly, the east has given the committee an end of August deadline to start work or else face the consequences. This means that there is a real risk of yet another oil production and export blockade being imposed at a future date. Doing so is not a decision that those in the east will take lightly. Besides the undoubted international recrimination that such a blockade would bring, it will also leave the east open to accusations that it is holding Libya to ransom and crippling the economy for its own political ends. However, given the east's exasperation with Dbeibah and with its

inability to access development funds, it is likely to press ahead and push for a shutdown if it feels that there is no other solution. The coming weeks will therefore be critical and tensions will escalate with an ongoing threat of another oil blockade being a distinct possibility.

## Pushing for a new government...

The political process continues to twist and turn, with the House and HCS still pressing ahead with their efforts to advance developments according to their own needs and wishes. This includes establishing a new interim government that can replace the GNU. While the Libyan-Libyan dialogue may be in the process of approving new election laws in order to get to the polls, the two chambers' current principal priority is to unseat Dbeibah and replace him with a new government.

However, these efforts have met with various hurdles of which the foremost is the UN's refusal to fully accept the outcomes of the Joint Committee for the Preparation of Election Laws' (a.k.a. 6+6 Committee) meetings that took place last month in Bouznika (see **Libya Focus, June 2023**). The results of the meetings were shrouded in confusion, and the 6+6 Joint Committee had clearly been unable to iron out all disagreements between the two sides including over certain contentious aspects of the election laws. Both the House and HCS have, however, lauded the successes of what had been achieved. On 18 June – despite ongoing disagreements over articles related to

the presidential elections – the HCS chairman **Khalid al-Mishri** announced the 'final and mandatory' text of the draft election laws for the presidency and parliamentary elections had been handed over to UNSMIL. To these institutions it therefore looked as though the process was moving forward and the prospect of elections and more importantly of a new government was finally within reach.

### ...but the UN deems the election laws insufficient...

However, the UN Special Representative to Libya **Abdoulaye Bathily** – who had been notable by his absence at the Bouznika talks – put a dampener on the process when he gave his periodic briefing to the UN Security Council on 19 June. He told the UNSC that the proposed election laws drawn up in Morocco were insufficient to resolve the most contentious issues between the two sides. While acknowledging the efforts of the 6+6 Committee and describing them as 'an important step forward,' he unequivocally stated that these efforts were insufficient to 'resolve the most contested issues and enable successful elections.'

Bathily also said that there had been a 'flurry of mixed reactions from Libyan stakeholders on the agreed text, indicating that issues remain strongly contested.' He spelled out the most disputed of these issues as follows:

- > the eligibility criteria for candidates for the presidential election;
- > the provision for a mandatory second round of the presidential election even if a candidate



secures more than 50% of the votes required to win;

- > the provision stipulating that, if the first round of presidential elections fails, the parliamentary elections will not take place; and
- > the provision requiring the establishment of a new interim government before elections can take place.

Indeed, the House is still insisting that there should be no second round of presidential elections if a candidate wins over 50% of the vote in the first round, and is also quibbling over what conditions should be imposed on presidential nominees. It wants to make amendments to the draft laws including by stipulating that dual nationality can be given up after rather than before a candidate has been elected. It also wants to amend the text so that anyone – either military or civilian – who nominates themselves for the Presidency is deemed to have resigned from their post, but can return to it if they fail to be elected. Given that these provisions have been deliberately crafted to ensure that Khalifa Haftar can nominate himself, they are unlikely to be accepted by the HCS. Parts of the latter may be keen to bring down Dbeibah but they will not accept Haftar becoming Libya's next president.

Bathily additionally levelled criticisms at other aspects of the laws including the fact that while 'as a result of intensive advocacy' the draft parliamentary election law allows at least 20% of the House seats to be set aside for women, only six of the 90 seats in the upper

chamber – the House of Councillors – were allocated for females.

Bathily told the UN Security Council that, unless compromises could be made over these issues, these laws would be likely to 'take the electoral process into a cul-de-sac, like in 2021, which will result in further polarisation and even the destabilisation of the country.' He informed the UNSC that he intends intensifying his negotiations to 'convene major stakeholders or their trusted representatives to reach a final settlement on the most contentious issues, make the draft laws implementable and enable successful elections with an inclusive political agreement.'

### ...and provokes a backlash

Bathily's apparent dismissal of the outcomes of the 6+6 Joint Committee sessions was not well-received by some Libyans and especially those opposed to Dbeibah. Many expressed outrage at what they alleged was international meddling in domestic affairs, while the Libyan Ambassador to the UN asserted that the country's people were feeling 'anger and resentment' on account of the briefing.

For supporters of the Libyan-Libyan dialogue, Bathily's intervention was yet another example of the UN and international community trying to derail a Libyan initiative and impose its own solution on the country. Some were angered because they believe that, by deeming the election laws to be 'insufficient,' Bathily had not only postponed the holding of elections even further into the future, but had also prolonged Dbeibah's premiership. There were further allegations that the UN was biased and working in Dbeibah's interests.

Some were so angered that they called for Bathily to resign and accused him of making himself a party to the conflict. Seventeen presidential nominees called on UN Secretary General, **António Guterres**, to replace Bathily as his Special Representative. Others claimed that Bathily had poured cold water on the Bouznika outcomes but did not come up with a viable alternative, while there was further speculation that he would instead revert to his proposal to establish a High-Level Steering Panel and task it with devising an electoral framework.

Faced with such a fierce backlash, Bathily appeared to backtrack. In a congratulatory message to Libyans on Eid Al-Adha, he proclaimed that the status quo was 'untenable,' and declared that completion of the 6+6 Joint Committee's work to prepare draft election laws was 'an opportunity that must not be lost.' He called on the country's incumbent leaders to 'reach resolutions that are acceptable to all on those aspects of the draft laws that remain contentious,' and added that 'hasty and non-inclusive decisions can deepen the prevailing crisis and trigger violence, which must be avoided at all costs.'

### HCS and House press on regardless...

Despite Bathily's position, the House and HCS have pressed on with the process which has provoked serious friction with the UN. Based on the Bouznika outcomes, al-Mishri and Saleh agreed upon a new roadmap for the elections based on these new electoral laws. Both institutions are insisting that elections will take place by March 2014.

On 11 July the HCS agreed, in principle, to approve this roadmap. The House was meant to do the same the previous day but was derailed after a commotion related to another issue altogether erupted in the parliament which prompted the session's suspension. This was related to an ongoing dispute about the legality of a House session that took place on 26 June in which MPs elected a new head and members of the Constitutional Court. A group of House members rejected this session, claiming that there had not been enough MPs present at the vote to make it quorate. They boycotted the 10 July session because the vote to elect the Constitutional Court appointees had not been overturned. They sent a letter expressing their views to Saleh but, while the latter read out this letter at the start of the 10 July session, some MPs objected and scuffles broke out in the House. The session was abandoned and postponed for one week.

This aside, both the House and the HCS remain determined on pushing forward with their agenda and, most importantly, in forcing through the establishment of a new alternative government. This is despite the fact that the UN and the international community remain steadfast in their refusal of the creation of yet another interim government because it would only serve as a further impediment to elections. It will also enable the incumbent politicians – who have exceeded their official mandates by many years – to either continue to delay the elections or manipulate them in order to maintain political power.

This is an argument that neither the House nor the HCS is in any mood to accept. On 19 June,

the latter announced that it had met with a potential candidate to head the new interim government, **Mohamed Ahmed al-Mazoghi** (b.1973), who had already submitted his proposed programme.

Furthermore, the new roadmap that both institutions are promoting sets the rules for the establishment of a new government. These stipulate that nominations for candidates to head it will be opened within 15 days of the election laws being approved and that all candidates must have the approval of 15 MPs and 12 HCS members. They also state that, within one week of announcing the candidates for the prime minister's post, the two chambers will hold a televised session in which a secret ballot will take place. Whoever has the highest combined number of votes will become the new interim premier. Once elected, he will have 20 days to propose a government and programme.

### ...and are determined to get rid of the GNU

It is therefore evident that the House and HCS are adamant that the GNU will not oversee the elections and that nothing short of a new interim government will be acceptable. Getting rid of Dbeibah has become their primary pre-occupation and is at the root of their newfound willingness to co-operate. Regardless of what the UN or the international community might propose, they are going to push ahead with this plan.

Doing so risks plunging Libya into further chaos. Dbeibah is equally adamant that he is not leaving office and will only hand over power to an elected government. If his armed supporters

in western Libya continue to stand by him, the appointment of another interim government could spell disaster. If it is to avoid becoming another moribund body, akin to the current GNS, it will need to install itself in Tripoli. As the experience of the former GNS premier **Fathi Bashagha** demonstrated, this will not be easy. Any attempt to displace Dbeibah and establish a new government in Tripoli will almost certainly aggravate divisions in the west and spark renewed fighting.

The political process therefore remains fraught with division and discord and, as these battles play themselves out, the prospect of holding elections remains as elusive as ever.

## SECURITY

### Unrest in the west...

Dbeibah's drone operation may be over but the security situation in western Libya remains fragile with this month's events serving as a stark reminder of the fragmented nature of the region's security map. While the GNU may try to give the impression that it is running a unified security apparatus, the reality is that western Libya still comprises an array of armed forces tied to their own particular locality. For all that Dbeibah may be trying to extend his reach and control, bringing these bodies under his wing remains beyond his reach.

Aside from the fact that there are still forces hostile to him dotted throughout the west – including those that are loyal to Zintani commander **Osama Juweili** – this month has

seen particular challenges even within those areas deemed to be loyal to the GNU.

One such challenge occurred on the night of 3 July when GNU forces arrested notorious Zawiyah militia leader, **Abdelraouf al-Capo**, who is wanted by the General Prosecutor in relation to his involvement in people and drugs trafficking charges. He and his brothers lead the infamous criminal al-Capowat militia which is one of the largest gangs in Tripolitania. They possess a large number of armoured and armed vehicles and many of them are wanted criminals.

He was picked up by members of 52<sup>nd</sup> Infantry Brigade – with the support of Stability Support Apparatus (SSA) – at the Ras Ajdir border crossing when he returned from Tunisia on the night of 3 July. However, seeking to carry out their operation in secrecy, his captors bundled him into a waiting ambulance with the intention of transporting him to Tripoli in secret. On the way to Tripoli, however, the convoy was intercepted in Zuwara by local militiamen who initially refused to hand him over and closed the coastal road in protest at the arrest. Their pretext was that it was not done in coordination with the Zuwara Security Chamber and that the Stability Support Apparatus (SSA) had overstepped its boundaries. This resulted in clashes which reportedly left one person dead.

Local reports indicate that these militia members from Zuwara were actually al-Capo's long-term allies and have a history of coordinating illegal operations including securing smuggling routes for al-Capowat to Tunisia. Despite their affiliation with the

Ministry of Interior, they presumably feared that he would confess to their involvement in these illicit activities and therefore attempted not to surrender him.

### ...prompts Dbeibah to establish a new Operations Room

Tensions further escalated after Dbeibah responded to the incident by issuing Directive No.12858 of 2023, establishing a new joint force comprising elements from a host of existing brigades that was instructed to clear the coastal road from Tripoli to Ras Ajdir, and to bring al-Capo to Tripoli. These forces included: Brigade 444, Brigade 111, Brigade 52, Brigade 166, the Counter Terrorism and Organised Crime Deterrent Force (aka the Special Deterrent Force), the new Electronic Aviation Authority, the Stability Support Apparatus and the Counter Security Threat Force. This large joint force was composed of 450 armed vehicles and Dbeibah rallied his militia supports together to try to tackle the problem and put a lid on the trouble.

The following day, Dbeibah issued Decision No.291 of 2023 which established a Special Operations Room that he tasked with 'co-ordinating between the military units and security bodies' he had entrusted the previous day to clear the coastal road, and providing these forces with logistical support in order for them to do the job in hand. The commander of the Western Coastal Zone, Major General **Saleh al-Namroush**, was appointed to head up this new operations room, which also comprised:

➤ **Al-Hadi Makhoul Ibrahim**, the head of the Electronic Aviation Authority, who was made deputy of the operations room;

- > **Abdulsalam al-Zoubi** who heads the Defence Ministry affiliated 111<sup>th</sup> Infantry Brigade which is originally from Misrata but based in Tripoli;
- > **Mahmoud Hamza** who heads the Defence Ministry affiliated 444<sup>th</sup> Infantry Brigade; and
- > **Mohamed Shibaani Al-Merhani**, the head of the Interior Ministry's Border Guard.

Through this force, Dbeibah hoped to flex his muscles and show the western region that he was serious. However, it took the intervention of others – General Prosecutor **Sadiq al-Sour**, who met with local notables from Zuwara and Zawiya; and personalities from al-Capo's hometown of Zawiya, including House member **Ali Buzriba** – for al-Capo to be allowed to continue to Tripoli. These notables said that they wanted to ensure that al-Capo was genuinely wanted by the judiciary and to check that he had not just been seized by an opposing force.

Al-Sour assured them that al-Capo is being sought by the investigating authority based on judicial orders issued against him. These were issued after investigating his involvement in cases related to murder, drug trafficking psychotropic substances, and fuel smuggling. Al-Sour emphasised the importance of prompt and effective action by the police authorities to enforce the orders and ensure that justice is not influenced and that the accused does not evade arrest. It therefore looks very much as though some kind of deal was struck, enabling al-Capo to be moved to Tripoli where he will face trial.

## Tensions in the western mountains

Although the situation in Zuwara calmed, clashes erupted in Ajaylat – between Zuwara and Zawiya – on 6 July. This was the result of a family dispute that got out of hand. Meanwhile, tensions broke out in the western mountains in July after GNU Interior Minister, **Emad Tarabulsi**, tried to restructure the security landscape of the area. In what appears to have been a bid to streamline the security apparatus, he issued a decision to merge nine security directorates in the western mountains into three security directorates. The new directorates include: one in the east of the area at Gharyan; one in the west headquartered in Nalut; and a third in the central area headquartered in al-Rayyana.

This move provoked anger in the western mountains, where locals objected to the new security directorate boundaries, viewing them as another attempt at centralisation by forces in Tripoli. The Amazigh (Berber) of the western mountains were particularly outraged, deeming the decision to have been a deliberate ploy on the part of a minister who comes from Zintan – an area with a historically antagonistic relationship to the local Amazigh tribes – to weaken Amazigh control.

The local municipalities of these areas voiced their rejection of the plan, arguing that its implementation would threaten 'peace and the social fabric of the area.' They also threatened to cut off their relations with the GNU. In response to the ferocity of this reaction, Dbeibah had no choice but to backtrack, overturning Tarabulsi's decision.

These two incidents illustrate the difficulties facing anyone trying to govern western Libya. The fragmentation that occurred after the collapse of the former Qadhafi regime in 2011 has become so entrenched, and distrust become so deep rooted, that it is near impossible for any executive power in the capital to take control. Even those forces that have aligned themselves with Dbeibah or with his opponents are divided and continue to act at whim if it suits them. Furthermore, genuine reconciliation is still a long way off the agenda. There are still large areas in western Libya whose inhabitants belong to tribes associated with the former regime and who still do not feel as though they are part of the new Libya.

Western Libya will continue to pose a challenge for Dbeibah and for whoever succeeds him. Meanwhile all Dbeibah can do is rely on those armed forces that are willing to support him either by buying their support or relying on their goodwill. While he may attempt to establish new forces as a means of extending his control, these forces are only as effective as they choose to be at any given moment. Therefore, for all his efforts to bolster his standing and expand his power base, he has an uphill struggle on his hands and the potential for further trouble is high. This prospect will only increase if the east gets its way and cuts off his access to state funds.

With the attempts by the HCS and the House to remove the GNU, the political and security landscape have become highly precarious. The GNU's recent actions are primarily driven by a desire to eliminate their political rivals which is prompting various armed groups to unite under

a common agenda. As the situation escalates, the military operations are likely to target strategic positions held by: **Muammar Dhawi's** 55<sup>th</sup> Brigade in Wershefana; al-Juwaili's forces in Surman; and **Othman al-Lahab's** militia in al-Jmail about 10 kms south of Zuwara. These locations serve as key strongholds for anti-GNU factions within the west.

In the event of a conflict erupting between GNU-affiliated forces and al-Dhawi's militia, the involvement of other influential actors becomes highly probable. Osama Juweili, **Ayoub Aboras**, **Haithem al-Tajouri**, and the **Abuzriba** family's network are all likely to intervene to support Dhawi's faction which will further complicate the situation. Their intervention could significantly impact the outcome of the conflict, and potentially lead to heightened violence and instability.

Dbeibah's primary objective is therefore to execute a swift and decisive military operation before initiating discussions regarding the formation of a unified government. Unifying armed groups under a single Operations Room reflects a sense of urgency in consolidating the western zone under a single military leadership and removing all rivals that are associated with the opposing government.

## Haftar appoints his son, Khalid, to head up security body...

Khalifa Haftar has taken further steps on 8 July to consolidate his grip on power in the areas



he controls by issuing Decision 220 of 2023 establishing a new security body that comes under the LAAF's General Command and is headed by one of his sons, **Khalid Haftar**. It will comprise the latter's 106 Armoured Brigade and Khalid Ibn al-Waleed Brigade, which is led by **Yahya Saad Yahiya al-Barassi**.

- > The first was set up in 2015 and comprised various armed groups that had established themselves during the Operation Dignity Campaign and is headquartered next to Benghazi University. It is an important component of the LAAF's military capabilities having fought in: the LAAF's 2016-2018 battle to take control of Derna; the push to take control of the south at the start of 2019; and the failed attempt to seize control of Tripoli in April 2019.
- > The second was set up in August 2021, is stationed in the Tobruk Military Zone, and comprises three units: 170 Infantry Brigade, 301 Artillery Brigade, and 401 Reconnaissance Brigade.

### ...prompting further speculation about a Haftar dynasty...

Khalid Haftar's promotion has raised further questions about the way in which Haftar is empowering his children – five of the six being male – on both the political and security fronts and is clearly carving out more space for them in the areas he controls.

The most prominent son is **Saddam Haftar**, who heads the notorious Tariq Bin Ziyad Brigade which has been linked to numerous atrocities and accusations relating to war

crimes. He is widely alleged to be involved in illegal trading of oil and scrap metal through the LAAF's Military Investment Authority. Saddam has also allegedly been taking on more of a political role of late. He is said to be involved in the secret channels that were opened up between his father and Dbeibah through a series of meetings in the UAE that were said to have been attended by him and Dbeibah's nephew and advisor, **Ibrahim Dbeibah**.

Such is his growing influence that some sources have claimed that his father is preparing him to take over from him. Unconfirmed reports in the Russian media at the start of this year alleged that Haftar was considering transferring authority to Saddam. Meanwhile, a number of Qatari-funded media outlets have suggested that Haftar is preparing Saddam to contest the presidential elections. Such assertions are probably exaggerated because, while Saddam may well have political ambitions, his father is unlikely to concede to him at this time. Haftar (b.1943) may be getting older, but he still has ambitions to lead the country. Moreover, Saddam (b.1991) does not have the political influence or the support among the eastern tribes to be able to control the region let alone govern the whole country.

### ...similar to that of Qadhafi

This willingness to empower Haftar's sons in this way is provoking agitation, not only in western Libya, but also in the east. There are increasing fears and accusations that he is attempting to create his own dynasty akin to that forged by Qadhafi.

Muammar Qadhafi gave his sons prime posts and positions both in the security and political

realms, with each carving out their own area of influence and amassing huge fortunes in the process. This proved hugely unpopular among Libyans, including those who were natural allies of the regime and who resented the way in which his sons ran roughshod over the population. Even some senior former Qadhafi regime figures have described, in memoirs published since 2011, that Qadhafi's sons treated senior officials like dirt. As such, there is a general suspicion towards power being handed down from father to son in this way. Yet this is unlikely to stop Haftar from relying on his sons and from keeping them in important military and security positions.

## Alleged drone strikes at the al-Kharrouba base...

At the end of June reports emerged of a drone strike of an unknown origin that allegedly struck the al-Kharrouba military base which is about 150 kms southeast of Benghazi. The base, which is in the LAAF's area of control, is one of the locations where Russia's Wagner Group mercenaries are said to be stationed. It was reported that there were no casualties in the attack.

There are serious questions over the alleged strike. The first reports appear to have originated from an anonymous GNU Defence Ministry source who was cited in the anti-Haftar, Arabi21, website. The source claimed that a Turkish drone of the kind supplied by Ankara to the GNU, had been deployed against the al-Kharrouba base, 'where members of the Wagner group are located,' and also claimed

that its origin had been 'unknown.' This report was picked up by several media outlets that reported the strike.

A day later, Al-Araby Jadeed, which is also known for its anti-Haftar stance, carried a report written by a Tripoli journalist who cited two unnamed military sources close to Haftar who claimed that the base had been targeted twice, the first strike landing on a nearby road, and the second landing inside the base, near to the main entrance. The source also alleged that these attacks were meant as warnings. Eyewitness cited in the same report said they had heard bombardments but had not seen any smoke. Consequently, all the reports were vague, came from the anti-Haftar camp, and relied on anonymous sources.

### ...but attacks are denied...

Equally importantly, all sides denied that any such attack had taken place. The GNU's chief of staff, General **Mohamed al-Haddad**, repudiated the claims, asserting, 'None of our aircraft targeted any site in the east ... these reports are aimed at stoking a new war between Libyan brothers and involving Libya in a regional conflict.' The defence ministry also expressed its 'surprise' at the reports, commenting, 'We respect the ceasefire signed in October 2020.'

The GNU's denials prompted suggestions that the US may have been behind the strike and that the attack was part of its campaign to try to curtail the Wagner Group. Notably, the strike occurred shortly after the latter's attempted mutiny in Moscow. However, United States Africa Command (AFRICOM) denied it had been behind any drone attack against the base.

More significantly perhaps, the LAAF also stated categorically that there had been no such strike and declared that, had such an attack occurred, it would have responded in kind. Meanwhile, local residents in and around the al-Kharrouba area came out and told the media that there had been no drone attack against the base.

### ...and are unlikely to have been ordered by the GNU

It seems unlikely that the GNU would have taken a step as risky as launching a drone attack against the al-Kharrouba base. Doing so would have broken the ceasefire that was signed by the 5+5 Joint Military Commission in October 2020 and that has held since that time. It would also have risked plunging Libya back into serious conflict.

The GNU also would not have wanted to shatter the progress that has been made on the military track over recent months. While it is still in its infancy, there is a real sense of pride that while Libya's political powers may be at each other's throats, the two militaries have succeeded in engaging in a meaningful rapprochement that has reached the point of the two Chiefs of Staff being able to meet on several occasions.

While these two military sides are undoubtedly still part of an ongoing and unresolved conflict, neither would have wanted to have shattered this progress and potentially set things back to square one. There is little rationale for the GNU choosing to launch an attack of this kind and especially given the LAAF's potential for retaliation.

Furthermore, Dbeibah, who was already bogged down in problems of his own, would not have

been able to make such a bold move without Turkish permission. It is highly doubtful that Ankara would have risked targeting Russia in this way. The stakes would simply have been too high and the rationale for doing so unconvincing.

Given these doubts, some Libyans have speculated that the media reports of the strikes were fabricated and were intended to make use of the unfolding crisis in Moscow to highlight the presence of the Wagner Group mercenaries in Libya. In light of Washington's concentration on Wagner, the LAAF's use of Russian mercenaries is something that western Libyan factions have repeatedly seized upon as a means of undermining Haftar and delegitimising him in the eyes of the US and its allies.

While it not clear whether or not the drone strikes actually took place, it should be noted that reports may have been manufactured by certain elements in western Libya in a bid to flag up Haftar's ongoing reliance on Russia and the Wagner Group.

### ENERGY & ECONOMY

## LIA denounces Belgian court ruling and vows to escalate action

The Libyan Investment Authority (LIA) sovereign wealth fund denounced two Belgian court rulings that were issued on 7 July. One confirmed the ongoing freezing of €15,000 million of Libyan money held

in the Brussels-based Euroclear bank that the LIA has been trying to access. The other confirmed the upholding of an arrest warrant for Dr [Ali Mahmoud Hassan Mohamed](#) who is the LIA's chairman and CEO. According to a former deputy foreign minister in Libya, these court rulings are final and not subject to appeal.

This court case is part of an ongoing clash between the LIA and [King Philippe's](#) younger brother, [Prince Laurent](#) (b.1963) who is referred to in the Belgium press by various derogatory nicknames including Le maudit (the 'cursed one') and écolo-gaffeur (the eco-blunderer) on account of his interest in animals, the environment, and his habit of committing faux pas.

Prince Laurent's row with the LIA dates back to a multimillion Euro contract signed in 2008 with the former regime's agriculture ministry for the afforestation of thousands of hectares of desert region of Libya. Three sites were earmarked for the project including one outside Sirte, with the Prince's Global Sustainable Development Trust (GSDT) given responsibility for running affairs (see [Libya Focus, October 2008](#)).

However, the initiative — which Prince Laurent and Muammar Qadhafi had first discussed in 2004 during the latter's visit to Brussels — collapsed in 2011 with the toppling of the Qadhafi regime. According to Laurent, the first agriculture minister appointed after the fall of the regime started demanding money from him in order to allow the project to continue.

## Laurent demands compensation...

With the project stalled, Prince Laurent demanded compensation amounting to €50 million for breach of contract, a sum he allegedly claimed was personally promised to him by Qadhafi. With this money not forthcoming, Laurent sued the previous Government of National Accord (GNA) – created through the Libyan Political Agreement of December 2015 – through a Belgian court. In 2014 it awarded him €50 million in damages but did not elaborate on how he could recoup the money.

Prince Laurent unsuccessfully tried to pressurise the Belgian government into allowing him to access the frozen LIA funds in Belgium. This was roundly rejected by the LIA, which argued that it was not controlled by the government but was a separate, sovereign organisation. Despite this, Laurent continued to push for the compensation to be paid out of the LIA's frozen assets.

In 2021, Brussels submitted a request to the UN Security Council to grant him access to a share of the €15 billion worth of Libyan assets frozen in Belgium in line with UN sanctions imposed during 2011, which included Libyan accounts frozen in four Belgian banks. However, this request was rejected.

Laurent has repeatedly complained that the government has not done enough to help him, telling the media in 2019, 'I am an entrepreneur in environmental projects. So I create projects for people. That's my job and today the Belgian government is taking this job away from me,' further noting, 'This €50 million is to make sure that my office can run. This is my office job, my

office money... Today I don't have the means to make this office run and this is why I am very upset.' He became especially aggrieved when he discovered that Belgium was allowing hundreds of millions of Euros in interest payments to flow out of these accounts and that some Belgian companies, including an arms dealer, were reportedly being paid for contracts signed while Qadhafi was in power.

### ...and the LIA demands access to funds

Prince Laurent's attempts to access these funds prompted the LIA to try to get its hands on Libya's money in the Euroclear accounts. However, the Belgian courts have turned down its requests. This latest ruling in July provoked particular fury in the LIA, which declared that all measures taken against its assets in Belgium are 'illegal,' and which warned Prince Laurent that he could not touch Libyan assets in the Euroclear bank, and that it would 'do whatever it takes' to prevent him from accessing the funds.

LIA media spokesperson, **Louay al-Griew**, issued a statement accusing the Belgian judiciary of being biased towards Prince Laurent, who he claimed had been able to 'get a ruling in his favour.' Al-Griew also accused Belgium of unlawfully seeking to 'seize Libyan money.'

Citing a 2004 investment promotion agreement signed between Libya, Belgium and Luxembourg – which states that conflicts between the parties should be resolved by negotiation within six months – the LIA also demanded a response from the Belgian government to its requests to access the frozen funds. It declared that, if the situation is not resolved through the government, it would seek international arbitration. Notably, the GNU recently set up a new office, the Libyan Office for the Management of State Refunds and Recoverable Assets, which will work to progress the case.

The LIA also expressed its fury at the upholding of arrest warrant against its CEO. The Belgian judiciary issued an international arrest warrant for Mahmoud in January 2022 on charges of corruption and embezzlement in relation to some two billion Euros that are said to have vanished from the Euroclear bank. However, the LIA scored a success in May 2023, when Interpol issued a decision to permanently delete Belgium's request for Mahmoud's arrest on the grounds that there was a political dimension to the case. The Belgian court's ruling to uphold it therefore provoked further agitation.

Given the LIA's angry response to these two rulings, it is evident that the sovereign wealth fund intends to pursue this issue further. Doing so will be an uphill struggle and Prince Laurent is clearly not going to let up on his efforts to recoup the compensation. As such, this saga is likely to continue, marring bilateral relations between Belgium and Libya.

## Sonatrach may return to Libya

Sonatrach's controversial CEO, **Toufik Hakkar**, revealed this month that there are ongoing consultations with the Libyan authorities over its possible return to Libya. He explained that he intended to meet with Libya officials before the end of July to discuss the matter. He told a press conference that the Algerian state company had 'investments and energy explorations in Libya,' but that the insecurity that had developed over recent years had forced it to leave, adding, 'There are consultations with the Libyan side for a return.'

The return of Sonatrach – which suspended its operations in Libya in 2011, but returned in 2012 only to suspend them again in 2015 – would serve as a significant boost for Libya and its efforts to demonstrate to the world that it is safe and open for business.

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