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| **DELEGATION OF THE EUROPEAN UNION TO LIBYA** | | |
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|  | **Classification:**  UNCLASSIFIED |  |

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**To: *Fernando GENTILINI, Managing Director for Middle East and North Africa***

**Subject: Libya – Weekly of 20/06/2022 – Key issues**

1. **SUMMARY**
   * + - ***Whilst the expiry of the Libyan Political Dialogue Forum (LPDF) calendar is imminent, no significant results in addressing the executive impasse have been achieved. Moreover, neither the constitutional roadmap, nor the financial/economic track, nor the implementation of the ceasefire provisions appear to have recorded any tangible progress.***
       - ***The adoption of the Government of National Stability’s (GNS) budget will deepen Libya’s institutional divide, thus ratifying the return to a situation threatening the country’s unity.***
       - ***In addition to the mobilisation of forces in and around Tripoli, deployments along the military positions established in 2020 continue to fuel the volatility of the security environment.***
2. **ASSESSMENT**

Libya’s executive crisis remains unsolved while the expiry of the calendar foreseen by the Libyan Political Dialogue Forum (LPDF) is now imminent. The budget of the Government of National Stability (GNS) was adopted by the House of Representatives (HoR) without following legal procedures. It is unlikely to have an immediate impact on the *status quo*. Whilst it reinforces GNS PM Bashagha’s position, the PM Dbeibah-led Government of National Unity (GNU) retains control of Tripoli-based key financial institutions. However, the Central Bank of Libya (CBL) will henceforth come under increased pressure as Speaker Aqilah Saleh will be seeking to deliver the approved budget to the HoR-appointed government.

Despite Saleh’s warnings any institution dealing with the GNU after its mandate expires on 22nd June will have to face legal consequences, the CBL Governor may refuse to allocate funds to the GNS. Eastern-based commercial banks could subsequently be compelled to provide funds via the Eastern CBL branch. This would effectively bring the CBL reunification process to a halt and precipitate the return to a situation of administrative partition – thus jeopardizing years of national reconciliation efforts.

The institutional divide would also possibly force the HoR-LNA-GNS coalition to envisage a more aggressive approach – for instance by attempting yet another hazardous entrance in Tripoli to unseat the GNU. Another option could be to obtain liquidity from foreign backers. With the GNS Minister of Planning and Finance participating in the Russia-hosted International Economic Forum, together with Russia’s request to address the Libya issue at UNSC, Moscow’s intervention can not be entirely excluded. In the absence of a financial mechanism to shield oil revenues from political turmoil, the oil shutdowns are likely to continue and could even worsen in a last-ditch effort to push PM Dbeibah out of office.

Beyond the apparent inability of the Cairo-held meetings to achieve substantial results enabling the holding of elections, the relevance of the constitutional talks is also eroded by the setbacks observed on the security track. The 5+5 JMC has so far failed to display the unity indispensable to implement the provisions foreseen by the ceasefire agreement, not least because the LNA continues to view itself as a separate military entity. Besides, there is an evident disconnect between armed groups and militias who do not operate under the command of either of the military hierarchies, especially in Tripolitania. In addition, Ankara’s intention to extend what it perceives as a legitimate deployment of forces may compromise the withdrawal of foreign mercenaries, thus further undermining any significant progress towards stabilisation.

Against the backdrop of continuous build-up of forces, including the mobilisation of heavy military equipment in the greater Tripoli area, incoming military cargo flights have further heightened the capital’s state of alert. The *status quo* being untenable, the fear an outbreak of widespread violence could be the only way out of the protracted political stalemate is reflected in the repeated – but not completely reassuring – promises made by some politicians and other key players that there will be no conflict.

**III. DETAIL**

* + - 1. Members of the HoR and the HCS met in Cairo for the final round of negotiations tasked with reaching an agreement on a constitutional basis for elections. As of time of reporting, nothing indicates the Joint Constitutional Committee succeeded in solving long-standing issues of contention – notably eligibility criteria for presidency, which will determine whether previously declared candidates like LNA Commander Haftar and former regime leader’s son Saif Al-Islam Qaddafi will be allowed to run.
      2. In parallel, consultations between the leaders of both chambers (HoR Speaker Aqilah Saleh and HCS Chairman Khalid Al Mishri) together with the Head of the Presidency Council (PC) Mohammed Al Mnefi were due to take place in the Egyptian capital. Whereas HCS Chairman claimed in a meeting with the EUD that he declined the Egyptian invitation to trilateral talks in an attempt to resist Egypt’s endeavour to establish its hegemonic influence over Libya’s political process, he eventually travelled to Cairo following a request by the UN SASG Williams. However, Saleh and Mishri left shortly thereafter as a result of their disagreement over the very agenda of the discussions.
      3. In addition to the constitutional roadmap, Egypt also succeeded in weaving its way into the security track by hosting a meeting between the 5+5 Joint Military Commission (JMC) alongside LTG Haddad, the Chief of Staff of the GNU’s armed forces, and LTG Nadoori, his counterpart within LNA affiliated forces. Aimed at resuming dialogue on the operationalisation of the ceasefire agreement, the reunion was publicly backed by the PC Chairman who issued a decision instructing the 12 military leaders to participate. In response, the head of the Eastern JMC representatives declared the Eastern delegation attended the gathering following Haftar’s orders – thus expressly rejecting Mnefi’s authority as the Supreme Commander of a unified Libyan Army.
      4. Despite the withdrawal of foreign fighters and mercenaries foreseen by the ceasefire agreement, President Erdogan requested the Turkish Parliament to extend the deployment of its military presence in Libya for another 18 months.
      5. The HoR formally approved the budget of the GNS for the year 2022. The HoR Spokesman claimed a total of 103 deputies voted in favour, five of whom cast their vote through audio recording. The total number of MPs composing the House being unclear, it is not possible to verify whether the quorum required was achieved – even though the images of the session held in Sirte appeared to show a limited attendance rate.
      6. Displaying his intent to stay in control of Libya’s finances, GNU PM Dbeibah held a concurrent meeting with the leadership of key financial institutions (CBL, Audit Bureau, Administrative Control Authority). In a possible bid to address the international community’s concerns around the politicisation of national revenues, participating officials stressed the need to establish mechanisms transparently reflecting public expenditures.
      7. In the wake of the adoption of his cabinet’s budget, GNS PM Bashagha announced that if the CBL allocates the funds to his government, the ongoing oil blockade would likely be lifted.
      8. The GNS Minister of Planning and Finance attended the International Economic Forum convened in St. Petersburg, where he discussed the Russian companies’ return to Libya.
      9. In a widely commented interview with the weekly magazine Jeune Afrique, GNU PM Dbeibah blamed the legislature for Libya’s failure to hold timely elections. Stressing that the change of the executive will neither deliver a consensual electoral law, nor a constitutional basis, he claimed his administration can organise elections within a month or two – provided the Cairo-held talks deliver the required legal framework.
      10. Meanwhile, the Chairman of the High National Elections Commission (HNEC) explained that without an approved electoral legislation by next month, the electoral management body will not be in a position to hold elections before the end of 2022.
      11. Tensions defining the security environment have continued to be fuelled by the build-up of forces in and around Tripoli, but also along the 2020 ceasefire-established line where the mobilisation of opposing factions was observed. In addition to Turkish military aircrafts regularly landing in Al Watiya airbase, global air traffic websites show that US and UK military cargo flights recently landed in Misrata.

*Signed-off: José Antonio SABADELL, HoD*