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| **DELEGATION OF THE EUROPEAN UNION TO LIBYA** | | |
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| *Author: Ingo Schendel* | | **Date:** 21/03/2022 |
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**To: *Fernando GENTILINI, Managing Director for Middle East and North Africa***

**Subject: Libya – Weekly of 21/03/22 - Key issues**

1. **SUMMARY**

* ***Libya has returned to a parallel government situation, after the newly appointed Government of National Stability (GNS) officially assumed its offices at the GNU’s Eastern Benghazi branch. It remains uncertain whether one government can come out on top of the other in the short term, or whether negotiations facilitated by the international community (IC) will reach a compromise realizing the Libyan people’s wish for presidential and legislative elections.***
* ***Sovereign national institutions such as the Central Bank of Libya (CBL) and the National Oil Company (NOC) are struggling to maintain their neutrality, as they increasingly become subject to conflicts over the allocation of funds from oil revenues. As a result, further instability and negative consequences for Libya’s citizens’ daily lives are looming on the horizon.***
* ***With two governments vying for international recognition, the IC has returned to centre stage in negotiations over Libya’s political future. While the IC’s support for the UN-lead political process continues, the United States (US) has made a full diplomatic come back on efforts to tackle the Libyan crisis, being currently the most prolific actor facilitating negotiations between Libyan stakeholders. EUD also engaged in meetings with the Presidential Council (PC), the CBL Governor, and the HoR appointed GNS PM, and was in contact with the NOC CEO and other actors.***

1. **ASSESSMENT**

Libya’s de-facto return to parallel governments has once again added to the volatility of its political crisis, as both sides are searching internally and externally for avenues to neutralize each other. But both are also struggling with a formidable lack of legitimacy vis-à-vis the Libyan people and the international community. The best available option to obtain legitimacy appears to be a negotiated understanding between all actors on a constitutional basis for simultaneous presidential AND legislative elections.

Any obvious alternatives, including sequencing the two votes, and giving one ballot priority over the other, would trigger unsurmountable rejection by either one side of the aisle. Moreover, it is the common public understanding that the Libyan people want to elect their head of state directly, AND replace the legislature, which they suspect of notoriously trying to extend their term indefinitely.

Since the current situation is the result of incomplete negotiations between the country’s main political actors, or at best, the lack of commitment to the results thereof, it is apparent that negotiations need to be intensified and brought to fruitful conclusion. The IC can play a role to that end, but needs to effectively tackle the notorious climate of distrust and maximum-demand attitude among Libya’s highly fragmented political class. Unfortunately, the margin for compromise appears to remain small.

This particular problem became once again apparent during the most recent meeting between EUD and the HoR appointed GNS PM Bashaga, who actively centred the discussion on the necessity of his government’s takeover of the Libyan capital as the natural consequence of its undisputed legitimacy. Such entirely uncompromising position by the GNS doesn’t suggest that success in the relevant negotiations over a potential compromise could be easily achieved.

GNS, HoR Presidency, and LNA continue to claim that they are representing a negotiated understanding, but events on the ground have shown that its implementation was highly selective and at best premature, exacerbating existing suspicions on expansive intentions of LNA-backed elements, and alienating crucial Libyan stakeholders to the extent of resolute resistance. The most salient example is GNS PM Bashaga’s inability to commit his coalition to delivering on key promises towards vital Tripolitanian actors, including the majority of Misratan constituencies and the High Council of State (HCS). The GNS PM’s claim to unify the country continues to operate with a promise of potential support by HoR Presidency and LNA for his government, but lacks credibility that such support would continue to materialize, once the GNU has been successfully removed.

The Presidential Council’s (PC) role continues to be of particular importance for the political process, as its legitimacy remains to date uncontested by either side. Efforts are needed to sustain the PC’s inoculation from political conflicts. Otherwise, the supreme command of Libya’s armed forces could at some point be claimed by others, namely the HoR presidency. Such claim would be deemed unacceptable by a substantive portion of the country’s political spectrum, not only in Tripolitania.

Domestic and international pressure is mounting on the GNU to lift the 2-weeks suspension of domestic flights from Benghazi to Tripoli, most recently also by SASG and the US Embassy. It appears that the GNS PM remains poised to move his government to Tripoli once this ban has been lifted. Such move would start the expected phase of political attrition between the parallel governments. Needless to say that this would once again lead to increased tensions between militia in the capital, after a period of relative calm over the last 7 days. The ongoing fierce media disinformation battle over the legitimacy of two governments, vying for domestic and international support, will do its part to exacerbate such tensions.

The parallel government situation will further complicate Libya’s budgetary problems. This year’s oil revenues are already on hold at the Foreign Bank of Libya (FBL), and the CBL is running a substantive technical deficit. Therefore, a solution to facilitate CBL funding for salaries, public services and the like is much needed. The most recent initiative of the Economic Working Group (EWG) to that end with the active participation of EUD can provide valuable help in order to negotiate the establishment of a viable mechanism that keeps the economy out of political conflicts between GNS and GNU.

Withholding oil revenues, or using oil as a weapon, is unpopular among the majority of Libyans. It is a two-edged sword, and would, if used, further deepen the political divide between the respective stakeholders of the GNU and GNS. Key actors, who could potentially tip the balance in favour of the GNU or GNS on budgetary issues, namely the CBL and the NOC, are likely to follow the lead of the international community regarding government legitimacy for due collaboration.

**DETAIL**

1. **Political situation**

GNS 1st Deputy Prime Minister, Ali Al-Qatrani, accompanied by several ministers, officially assumed office at the Libyan Government’s Branch in Benghazi on 17/3, and declared that Libya’s Eastern Region and all its government institutions officially belong to the GNS government of PM Bashaga. The same measures are to be implemented for Libya’s Southern Region next week. The event marked Libya’s renewed entry into a de-facto parallel government situation.

The Chairman of the Presidential Council (PC) Mnefi reportedly informed political actors that the PC could establish a constitutional basis for elections, if the House of Representative (HoR) and High Council of State (HCS) proved unable to respond to UN SASG Williams’ initiative to negotiate such a basis through a joint committee. The PC also convened a consultative meeting with members of the Berlin process. During the meeting, the PC and the invitees explored possible avenues to support SASG Williams’ initiative to promote an understanding between the HoR and HCS on a constitutional base for elections. During the meeting, EUD voiced support for the PC’s role in maintaining a political balance and avoiding conflict, and presented a coordinated position of MS in support of elections. However, the attendees did not encourage the PC to promote a PC-designed electoral framework in order to shield its neutrality.

The HCS voted to appoint 12 HCS members to a committee tasked with preparing a constitutional basis for parliamentary elections in agreement with the HoR. The 12 members include representatives from all three main Libyan geographical regions and 3 women. The committee came in response to the above UN SASG initiative. SASG Williams also consulted with a group of HoR members to discuss her initiative, and possible participation by HoR. The joint HCS-HoR committee was to be formed last week, and is since then overdue.

Despite some resignations among the ranks of GNU members, mostly Undersecretaries or ministers of state, the GNU cabinet’s ranks have not been substantially decimated yet. On the other hand, most GNS appointed ministers have been sworn in. Lately, also GNS FM Hafiz Qaddour, a previous Ghaddafi regime top diplomat, who later joined the revolution. Qaddour, Libya’s EU ambassador before becoming a presidential candidate in 2021, was briefly detained 2 weeks ago by GNU loyal forces for using an armed convoy without permission on his way to the GNS swearing-in ceremony.

The public position of the GNU and its PM Dbeiba is that it must remain steadfast to resist a takeover of Libya’s government by forces that strive to perpetuate the transition process, and delay elections for an unlimited period. For the GNS, its PM Bashaga underlined his government’s support for the IC’s position that elections are necessary, but warned that they would not be feasible as long as there is division. Division could only be overcome, if there is a clear option for presidential elections. Parliamentary elections alone would not suffice.

Focus on the negotiations to solve the current political crisis has tangibly shifted towards the U.S., whose ambassador has sustained a prominent media presence utilizing his meetings with Libyan political actors including with HCS members to promote the SASG initiative to swiftly establish a constitutional basis for elections in collaboration between the HoR and the HCS.

1. **Libya in the international arena**

The Co-Chairs of the Political Working Group on the Libyan Political Process issued a joint statement expressing their full support for the UN SASG initiative to convene a HCS-HoR committee meeting to agree on a constitutional and legal framework for elections.

In the Security Council meeting on Libya, all members except Russia recalled the need to hold elections, echoed the SG’s call on both parties to de-escalate, and refrained from expressing support for one PM over the other, whereas Russia expressed its respect for the HOR decision to appoint PM Bashaga.

The US ambassador to Libya held consultations with Egyptian government representatives on the Libyan political process to explore avenues towards a solution of the current political polarization involving parallel governments, with a view to achieving parliamentary and presidential elections. GNS PM Bashaga and several other Libyan stakeholders, reportedly also travelled to Cairo to engage in similar consultations.

According to media reports, Libya allowed leaders of the Tchadian opposition FACT to use the capital’s airport for travel to attend peace talks with the Tchadian government in Qatar. During the talks, the leader of the opposition’s delegation announced its refusal to give up any military positions in the Libyan-Tchadian border region, which they have held for years, unless a comprehensive solution of Tchad’s political crisis is achieved.

On the occasion of a visit to Tripoli by the Acting Secretary General of the Community of Sahel-Saharan States (SEN-SAD), Libya’s Ministry of Foreign Affairs announced that the organization is in the process of organizing its return to its original headquarters in Tripoli.

The Libyan government committee charged with the evacuation of Libyan residents in Ukraine officially concluded its work. However, a number of Libyan citizens residing outside the immediate war zone reportedly did not respond to the government’s evacuation initiative within the aforementioned deadline, and decided to remain in Ukraine.

1. **Security and security-related matters**

The general security situation in Libya remained comparatively calm albeit tense. Tripolitanian militia is largely abiding by the general understanding that political differences should not be allowed to result in armed confrontation between Libyans. However, there were reports that LNA forces under general Haftar conducted several military operations against local actors under their territorial control, with a view to demonstrate force. A high-ranking LNA representative declared that the LNA would not interfere in politics, but support the GNS of PM Bashaga for reasons of legitimacy. By the same token, a shipment of over 100 armoured vehicles from Jordan to be delivered to the Tripolitanian SDF forces was reportedly intercepted by LNA forces off the coast of Derna in the East, with the vehicles subsequently confiscated for LNA purposes.

1. **Economic issues**

The Economic Working Group of the Berlin process met in Tripoli with the active participation of EUD to discuss potential disbursements to the National Oil Corporation to cover its operational costs and to boost production in the short-term, which would improve the country’s revenue inflow and help calm international markets. The discussion also touched upon the issue of how to finance government expenditures temporarily until a budget is agreed, in addition to progress on CBL reunification.

HoR Speaker Aqilah Saleh reportedly instructed the NOC to freeze any disbursement of monies from oil revenues to government coffers, without prior authorization by the HoR. There were reports that NOC had already stopped such transfers weeks before the relevant HoR letter. If NOC was to continue this approach, the GNU would, according to Libyan media, soon be unable to pay for salaries and services in the public sector.

Libya’s power sector suffered from shortages in gas supplies owing to a drop of pressure in the relevant supply lines. In order to avoid power cuts, the shortages are substituted by diesel fuel for the relevant plants. According to media reports, Libya would require at least 1 year of development measures for its oil and gas sector to achieve a tangible increase in oil and gas exports. However, in a public statement, GNU PM Dbeiba urged OPEC to increase its oil production to meet the current demand in supply, and announced plans by his government to further increase Libya’s production capacities.

Tripolitania witnessed a shortage of fuel supply at petrol stations, whereas the responsible national petroleum marketing company Brega denied any such shortages, and attributed the issue to problems with distribution. News on distribution problems are generally perceived in Libya as hinting to commodities being diverted for smuggling or black market sales’ purposes.

GNU PM Dbeiba announced the disbursement of 9 months of family allowances in one lump sum before the beginning of the holy month of Ramadan, which starts on 2/4/22. For the GNS, its Minister of Finance announced the continuation of the payments under the GNU’s marriage fund, as well as a GNS plan to pay a special family allowance of 50,000 LD per family.

Libya’s central bank (CBL) announced that inflation in the country is on the rise with 2021 amounting to 2.8%, and is expected to reach 4.1% during the 1st quarter of 2022. The rise in inflation is attributed to the GNU’s constant increase in public spending, including government salaries.

1. **Human Rights & Migration**

The current political polarization involving two parallel governments resulted in additional pressure on Libya’s civil society and freedom of speech. There were reports that public political positioning of individuals in favour or against political bodies led in several cases to arbitrary arrests.

Power dynamics impact migration management in Western Libya, with new actors entering the scene while facing resistance by others. This is most significantly reflected by unofficial detention centres run by the Stabilization and Security Apparatus (SSA), and its newly established Directorate for Combatting Settlement and Illegal Migration (DCSIM), but also the resumption of activities at the Mabani Detention Centre, which had officially been closed before. The SSA-run facilities are especially concerning as no international partners have access and reports of abuse of migrants are frequent. SSA officials have well-documented ties to smuggling networks suggesting possible exploitation. The international community locally discusses ways to approach the SSA while balancing between access to migrants and withholding legitimacy from the SSA as a migration actor.

Consistent with the trend in 2021, the number of Internally Displaced Persons (IDP) in Libya continued to decrease. The latest numbers amount to 168,011 compared to 179,047 in November 2021. Since the October 2020 ceasefire (316,415), there has been a 47 % reduction in numbers of internally displaced persons in the country

*Signed-off: José Antonio SABADELL, HoD*