

Director General's Newsletter, April 2017

Dear Colleague,

Political/militia context

Political rivalries and armed conflict continue to torment the Libyan people, interrupt oil exports and curtail reconstruction, development and the resumption of business. This newsletter is not the place for a comprehensive account but a few examples will illustrate the dismal picture.

In spite of a year of international political support, the Government of National Accord (GNA) led by Fayed Serraj has been unable to provide security in Tripoli let alone to assert its authority nationally. The first quarter of 2017 has seen an escalation of militia infighting in Tripoli, with tanks and other heavy weapons coming into play. A sometimes violent response against Misuratans from Tripolitarians, outraged at the fighting on their streets, has exacerbated rifts among the Misuratans who have been the GNA's militia mainstay.

The GNA is now just one of several players claiming the right to govern and finding a regional and international audience. Not only Serraj but also House of Representatives (HoR) President Agila Saleh and 'Libyan National Army' (LNA) commander 'Field Marshal' Khalifa Haftar have been received in Cairo by President Sisi and in Moscow by President Putin. Western diplomats have called on them too - in spite of their rejection of the GNA and the fact that Agila Saleh heads a House which is divided against itself. Normally I would mention the rival government in Beida headed by Abdullah Al Thinni but his residual influence is currently outweighed by the superior roles of Khalifa Haftar and Agila Saleh.

But Thinni is not the least of the players. Two attempted power grabs proved ultimately futile: Khalifa Ghwell's attempt to reassert the authority of the 'National Salvation Government' in Tripoli and to establish a Libyan National Guard (LNG: largely formed of Misuratan and Amazigh (Berber) militiamen) ended when he was expelled from the capital in mid-March.

And the Islamist Benghazi Defence Brigades' (BDB) occupation of the Ras Lanuf and Es Sider oil ports in March lasted only two weeks before the ports were retaken by the LNA. But the BDB move interrupted oil exports, set back emerging stability for the industry and dramatised serious splits within the GNA: Serraj distanced himself from the BDB operation but his Defence Minister El Mahdi El Barghathi supporting the BDB and their alliance with the Petroleum Facilities Guard (PFG) led by Ibrahim Jadhran¹.

¹ Jadhran had taken over the ports in 2013 and held them until expelled by the LNA in September 2016. While in control, he had denied NOC authority and attempted to sell oil from them, leading to an international blockade. When the LNA took over, they handed back operational control to the NOC which was able to resume oil exports.

International response

Not surprisingly, and as diplomatic courting of Agila Saleh and Khalifa Hafter suggests, the international community are looking at ways to fashion a more successful policy towards Libya. Common ground sees no prospect of a Libyan faction delivering a military solution. A revision of the Libyan Political Agreement (LPA) and the make-up of the GNA is seen by many as a way forward. Egypt has tried the route of political reconciliation. In February, it brought Serraj and Hafter to Cairo but was unable to persuade both to meet. In March, it hosted an Arab League (AL) meeting which endorsed the LPA and the institutions it created. The AL also joined the African Union (AU), the EU and the UN to form a quartet.

Unfortunately, the UN's crucial role was weakened in February 2017 when the US vetoed the appointment of former Palestinian Prime Minister Salam Fayyad as the UN Secretary General Antonio Guterres' Special Representative (SRSG). In April, Russia vetoed the appointment of US-German dual national Richard Wilcox as Martin Kobler's successor. The appointment of a new SRSG is crucial to fashioning an international consensus on the way forward; and while external players are at loggerheads, their influence on internal factions is more likely to be divisive than constructive.

LBBC role

The LBBC is a non-political business body which cares about Libya and Libyans but does not adopt or advocate any specific political solution. But we are also a membership body, with both British and Libyan members, and some have expressed their private view to the Board that the prospects for an early resumption of bilateral business could be improved by a change in international, including UK, policy towards Libya.

Members will have seen a record of a working group meeting on 20 March where their concerns on some practical issues² as well as broader strategy were discussed. The issues were subsequently raised at a meeting with the FCO Libya team on 30 March when it was agreed that the LBBC should seek an appointment to present their concerns and questions to the Foreign Secretary.

Recent events

The LBBC has hosted two Council Lunches this quarter. On 9 March, DLA Piper kindly provided the venue for a lunch at which the guest speaker was Khaled Elmufti, Chairman and CEO of Tatweer Research (an LBBC member company, majority funded by the LIA's Libyan Local Investment & Development Fund). He was accompanied by four Board members from Benghazi and Beida including Dr Tawfig Al Taweel (Board Member of state telecom holding company LPTIC), Ali Aljhani (Head of HR at the CBL and Director of Libyana), Dr Idris Shtiwi (Deputy Chairman of the National Commercial Bank) and Dr Omar Alsalabi who all also held senior positions at Benghazi University.

Khaled briefed members on Tatweer's activities and project pipeline, particularly the Elmreisa Free Zone and Tech City which has been approved by the Benghazi planning authorities. The zone will

² The LBBC learned after the meeting that FCO had approved the BACB's offer to sponsor a locally engaged Libyan Commercial Officer in Libya

include a new port and a major NOC maintenance facility. Tatweer is developing a science & technology park (which had already generated business for LBBC members DLA Piper and Mott MacDonald). He referred members to the company website (<http://www.tatweerresearch.org/>) for further information including future contract opportunities. One was currently being considered for funding by the CBL.

On 3 April, the LBBC hosted Dr Faisal Gergab, Chairman of the Libyan Post, Telecommunication and Information Technology Holding Company (LPTIC) and Board Member of the Libyan Investment Authority (LIA). I attach Dr Gergab's comprehensive powerpoint presentation.

Future events

Our next Council Lunch will be held in May. Hassan Bouhadi, former Chairman of the LIA, has agreed to be our speaker. He is now President & CEO Libya of Oscar Infrastructure Services and principal of Fwayhat Consultants. Since June will coincide with Ramadan, we will invite a non-Muslim speaker that month but I am glad to tell you that HE Saddek ElKaber, Governor of the CBL, has accepted our invitation to be our guest speaker at the Annual Lunch in the House of Lords on 6 July. Please look out for our emails inviting you to register for these events.

Otherwise, we are looking to organize an event in Scotland for members, former members based there and Scottish business more widely, not least in the offshore oil industry. We are in touch with the Scottish Government and Scottish Development International (SDI) about a programme, venue and date. We will let you know when our plans firm up.

We also look forward to organizing an LBBC visit to Tunis to meet businessmen from across Libya. To that end, we have had some conversations about suitable partners from Libya to help organize matters at the Tunisian end. This visit is now likely to happen after Ramadan.

Other issues

Other issues which weigh on your and our minds are those relating to Libyan contract payments and UK visas for Libyan business visitors. These were among the issues we raised with the FCO on 30 March and we have taken advice from financial sector officials. The challenge is less at the Libyan end, where the process may be slow but, we are assured, will result sooner or later in payment of *bona fide* contracts, and more in the UK, with the resistance of the clearing banks to accepting payments originating in Libya. We will tackle this issue in further meetings Vincent and I plan with Government Ministers and officials.

On the visa issue, the FCO told us that steps were in hand to speed up the process and we will do what we can to support HMA Tripoli's plans. But we have also picked up on the Government Green Paper 'Building our Industrial Strategy' which endorses Government efforts "to promote and support UK exports of goods and services" and to "build the global appetite for British goods and services and encouraging more people to visit, study, invest in and do business with the UK through the GREAT campaign". Comments on the paper are invited by 17 April and Vincent will write to welcome the strategy and point out that achievement of its objectives could be helped by a more welcoming visa policy. I attach a copy of his letter.

As ever, thank you for your continuing support. All comments on the newsletter and on what more the LBBC might do for you (within our means) are welcome.

Best wishes,

Robin Lamb
Director General