



27 July 2011

Dear Colleague

You will have heard that on 27 July, William Hague announced the United Kingdom's recognition of the National Transitional Council as the sole governmental authority in Libya, the expulsion of Libyan diplomats from London and an invitation to the NTC to appoint a new Libyan diplomatic envoy to take over the Libyan Embassy in London. The full statement can be found at <http://www.fco.gov.uk/en/news/latest-news/?view=News&id=635937682>

Mr Hague also announced that at the request of the Arabian Gulf Oil Company (AGOCO), the UK would make available £91 million of the Company's assets in the UK. AGOCO was operating under the control of the NTC and HM Treasury would issue licences for the use of its frozen funds to meet its basic needs and specifically to help ensure that the crucial provision of fuel was maintained. The UK would explore how to unfreeze further Libyan assets frozen in the UK for the benefit of the Libyan people, including stocks of Libyan currency and other assets of the Libyan Central Bank, in line with UNSCRs 1970 and 1973. Mr Hague also suggested that the financial needs of Libyan students in the UK would be addressed.

I understand that while AGOCO is a subsidiary of the National Oil Company (NOC), it is a separate legal entity and the assets covered by William Hague's announcement are held in its name. The recognition of the NTC as the sole government authority in Libya and the NTC's statement that AGOCO operates under its control paved the way for HM Treasury to issue licences for its use of funds up to the total value of its assets in the UK, which amount to £91 million. The UK authorities understand that the funds released will be used to buy fuel. The issue of licences will be notified in the usual way to the UN Sanctions Committee in New York.

The Government's recognition of the NTC is necessary but not sufficient to allow the release of other frozen assets. Today's announcement suggests that if the NTC appointed other organisations to represent its title to particular frozen assets, it might be possible for HM Treasury to issue licences for the release of the frozen assets concerned. But AGOCO's legal

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status is unique and in other cases, there is likely to be more than one entity with a claim to the frozen assets concerned. In such cases, licences to release frozen funds are going to need the agreement of the UN Sanctions Committee. This will require the British Government to discuss a common approach with its partners.

In the meantime, if AGOCO were able to resume oil production and export from the fields it controls, it would now be able to obtain licences to draw on the resulting revenues paid to its account in London. Its fields, pipelines and pumping stations sustained damage, however, in earlier attacks by Qadhafi's forces and the repairs needed to allow production and export to resume may not be possible at present.

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