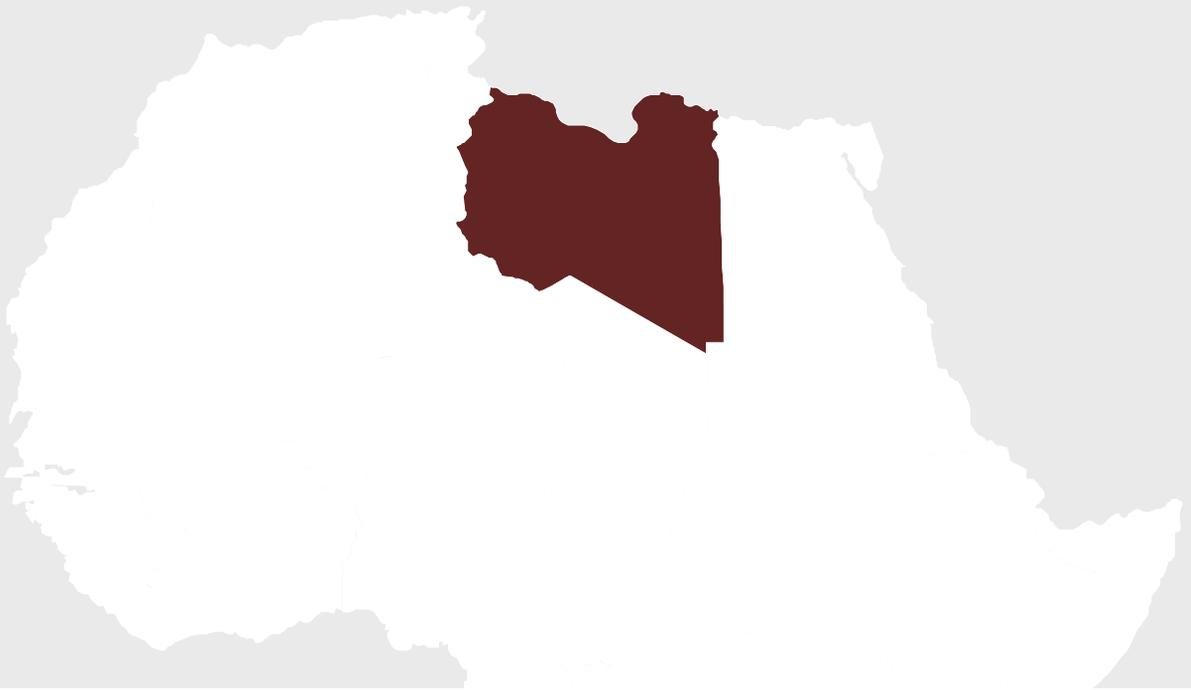




THE INKERMAN GROUP

LIBYA DAILY

26 January 2017



The Inkerman Libya Daily provides a focused daily assessment of developments influencing both the physical security situation and the regulatory environment in which organisations may find themselves operating.





Overview

Politics



- On 24 January 2017, the latest meeting of the Libyan Political Dialogue resulted in participants proposing changes to the Libyan Political Agreement (LPA), although there was no delegation from the House of Representatives (HoR) taking part.
- Christian Buch, the German Ambassador to Libya, travelled to Tripoli on 24 January 2017, where he met with members of the Government of National Accord (GNA).

Armed Conflict



- On 25 January 2017, a social media account utilised by the Libyan Army announced that forces loyal to Marshal Khalifa Hifter had finally wrested the Ganfouda district from the Benghazi Revolutionary Shoura Council (BRSC).
- On 24 January 2017, the Special Deterrence Force (SDF) claimed to have ascertained the identity of the perpetrators of a vehicle-borne improvised explosive device (VBIED) explosion in Tripoli three days earlier.
- Sources in Derna have claimed that the Libyan Army has launched further airstrikes against targets in the city on 22-23 January 2017.

International Community



- A prominent regional media source has claimed that rumours concerning an arms deal between the Kremlin and the controversial Libyan Army chief, Marshal Khalifa Hifter, are well-founded.
- On 24 January 2017, EU Foreign Policy chief Federica Mogherini and United Nations Support Mission in Libya (UNSMIL) head Martin Kobler met in Brussels where they discussed effecting a high-level reconciliation of Libyan stakeholders.

Oil and Gas



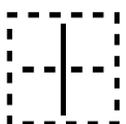
- The Chairman of the National Oil Corporation (NOC), Mustafa Sanalla, stated on 24 January 2017, that his organisation plans to end its “self-imposed moratorium since 2011 on foreign investment in new projects”.

National Infrastructure



- Misratan Third Force commander Jamal Treiki has reiterated his claim that supply routes to the south-west of Libya are not being blocked by his forces.

Borders and Migration



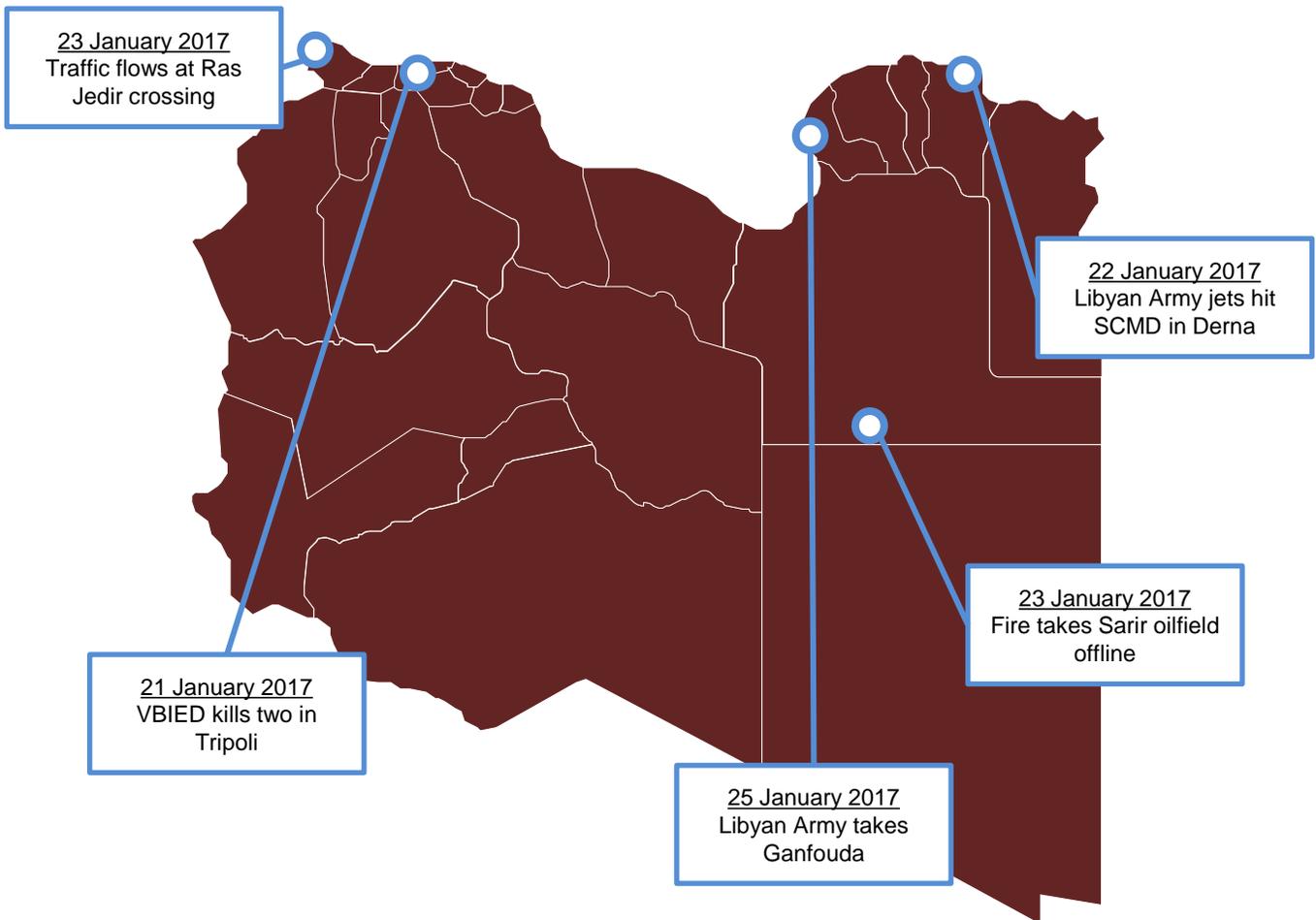
- It appears that traffic has been allowed to flow across Ras Jedir unimpeded for the first time since the Tunisian and Libyan authorities signed an agreement to open up the crossing last week.



Incidents



• *Violent clashes, social unrest, terrorist attacks, and other incidents remain common in many parts of Libya, driven by a variety of factors.*



The graphic above gives a snapshot of the highest-impact incidents to have occurred in Libya in recent days, and plots them on a map to give an overview of their geographical distribution.

Key



Inkerman Risk Rating





Politics



- *The internationally recognised Government of National Accord (GNA) has been established in Tripoli since March 2016, but remains deadlocked with the House of Representatives (HoR) administration, which has refused to endorse it.*

- **Libyan Political Dialogue Proposes LPA Amendments:** On 24 January 2017, the latest meeting of the Libyan Political Dialogue in the Tunisian town of Hammamet resulted in participants proposing a series of changes to the Libyan Political Agreement (LPA). The implementation of the LPA has been stricken with considerable inertia since it was approved over a year earlier, as the House of Representatives (HoR) has still not incorporated the LPA into the Libyan Constitutional Declaration, nor has the HoR endorsed the Government of National Accord (GNA) for which the LPA sets the terms. A number of strong objections have been made against the present LPA by critics in the HoR and beyond. The GNA's Presidency Council was conceived with nine members in an effort to strike a balance between Libya's numerous competing factions, but critics regard this as bloated and ungainly. Article 8 of the LPA, which controversially designates the GNA Presidency Council as Supreme Commander of the armed forces, is also a key point of contention. The latest session in Hammamet addressed both of these points, with delegates proposing that the GNA Presidency Council be reduced to a third of its present size, comprising its head, who "will be responsible for the executive authority", along with two deputies. Furthermore, a military council would also be created, made up of a member of the GNA's Presidency Council, the President of the GNA State Council, and the Speaker of the HoR. The Hammamet participants also envisaged the membership of the GNA State Council being expanded to include every member of what was the General National Congress (GNC), the former assembly that was elected in July 2012. The Hammamet participants additionally called on the Constitutional Drafting Assembly to complete its task within one month of the proposals being agreed. While there is bound to be further debate over the Hammamet proposals, elements of the HoR could prove more amenable to accepting an LPA that has these features rather than its current iteration. The Hammamet proposals remain nothing more than proposals at this stage, however, as yet again the HoR was not represented at the talks. As noted previously by The Inkerman Group, when the new round of the Libyan Political Dialogue began on 22 January 2017, the HoR delegation did not take part, reportedly because HoR President Ageila Saleh Gweider ordered them to stay behind amid a dispute over who would be on the team. The HoR convened on 23 January 2017, to consider the line-up, but the session was called to a halt after the debate degenerated into quarrel. According to Saleh Hama, one of the HoR representatives to the Libyan Political Dialogue, they did not take part in the Hammamet as parliamentary consultations had not concluded. With no definitive outcome reached, the HoR is next due to convene and consider the matter on 30 January 2017. The Hammamet session nonetheless kept many of the stakeholders in the Libyan Political Dialogue actively engaged in the process and indicated that there is scope for amendments to be broached, which could improve the prospects for HoR attendance next time. United Nations Support Mission in Libya (UNSMIL) chief Martin Kobler commended the "concrete suggestions" that were put forward at what he described as the "informal consultation". UK Ambassador to Libya Peter Millett also hailed the output of the meeting as an "important step".



- **German Ambassador Visits Tripoli:** Christian Buch, the German Ambassador to Libya, travelled to Tripoli on 24 January 2017. He met with members of the Government of National Accord (GNA) including Prime Minister Faiez Serraj and Foreign Minister Mohammed Taha Siala at the Abu Sitta Naval Base in the Libyan capital. Buch became Berlin's representative to Libya in September 2016, and like almost every other Ambassador to Libya from a European state, has been operating from Tunisia during this time since the embassy closed down amid a sharp deterioration of the security situation in 2014. The Italian Embassy recently became the first to reopen in Tripoli, however, and Buch is reported to have spoken with his Libyan counterparts about the prospects for resuming the operations of the Germany Embassy in the Libyan capital. Another pertinent topic was migration, and Buch and his Libyan colleagues visited a migrant detention centre in Abu Saleem district of the capital to assess the situation.

Armed Conflict



- *The Libyan Army remains in conflict with Islamist militants in Benghazi and Derna, and has been facing off against Misratan brigades in the centre and south-west of the country. Other, more isolated, incidents of fighting also occur elsewhere.*
- **Benghazi Update:** On 25 January 2017 at 0537hrs (local time), a social media account utilised by the Libyan Army announced that forces loyal to Marshal Khalifa Hifter had finally wrested the Ganfouda district from the Benghazi Revolutionary Shoura Council (BRSC). According to sources on the ground, the district is now under the control of Libyan Army fighters, though a small, residual contingent of BRSC militants is still held-up in a set of high-rise buildings. While it should be remembered that the Libyan Army is known to have declared premature victories in the past, it does appear that the BRSC's resistance has indeed folded in Ganfouda. As The Inkerman Group has reported previously, the lines of engagement appeared to have shifted abruptly on 23 January 2017, after a concerted assault by Libyan Army forces pushed the BRSC back into a position around an extensive apartment complex in the south of the district. With their territory shrinking and their positions becoming increasingly hard to defend, it was only a matter of time before the BRSC succumbed to the mounting pressure exerted by the Libyan Army. Elsewhere, there is a growing concentration of Libyan Army tanks outside of the Sabri district, which is still held by the BRSC, though there has been no firm indication as to when the Libyan Army intends to begin its assault on the enclave. However, preparations for an attack on Sabri have been ongoing since the turn of the New Year and - with engineering works finished and Ganfouda taken - the Libyan Army will start to turn the screw on Sabri soon. The fall of Ganfouda is salutary news for the citizens of Benghazi, and with the battle for the southern districts hastening toward its conclusion, the city may finally be returned to normalcy this year.



- **Tripoli VBIED:** On 24 January 2017, the Special Deterrence Force (SDF) claimed to have ascertained the identity of the perpetrators of a vehicle-borne improvised explosive device (VBIED) explosion in Tripoli three days earlier. The VBIED went off near the Qasir Libya Hotel in the al Dahra area at around 2000hrs (local time) that evening, killing two people. The dead bodies were both found inside the vehicle, and one of them is thought to have been the driver. The SDF stated that the “aim of the explosion was political in order to undermine security in the capital”, although it was not made clear what the specific political objective was, which the SDF hopes to be able to reveal after further investigations have been conducted. The blast occurred in an area of the capital where many important buildings are located, including the Ministry of Planning, as well the embassies of countries including Egypt and Italy. It may be noteworthy that Rome’s diplomatic presence in Tripoli has only just re-opened, making it possible that the VBIED was targeting the Italian Embassy. Although the distance of some 350 meters between the explosion and the building might suggest not, unverified sources have indicated that the driver initially tried to park outside the Italian Embassy, before being pursued by security personnel. In any case, the Italian Foreign Ministry has released a statement confirming that none of its personnel were hurt in the incident. After the blast, the area was cordoned off and the wreckage removed. Regardless of where the VBIED attack was targeting, the fact that it occurred at all is demonstrative of the level of insecurity in the capital, following previous incidents such as the twin VBIEDs that struck in September 2016. There has currently been no claim of responsibility identified for the latest blast.
- **Derna Update:** Sources in Derna have claimed that the Libyan Army has launched further airstrikes against targets in the city on 22-23 January 2017. As The Inkerman Group has reported previously, the Omar Mukhtar Room, which oversees Libyan Army operations in Derna, has been trying to degrade the weapons inventory of the Abu Saleem brigade, a local Islamist militia operating under the umbrella of the Shoura Council of the Mujahedeen Derna (SCMD). The most recent strikes are said to have hit a surface-to-air missile battery in the Wadi al Naqa district among other targets. The success of the airstrikes is, as of yet, unclear; as in Benghazi, where the Libyan Army are currently contending with the Benghazi Revolutionary Shoura Council (BRSC), the flow of information into and out of Derna has been strangled, making it increasingly difficult to make a comprehensive assessment of the situation within the city. However chatter picked up on social media streams would suggest that the Libyan Army has enjoyed some success against the SCMD in recent weeks.



International Community



- *The Government of National Accord (GNA) has widespread international support, which the UN intends to expand. Egypt, Russia, and the UAE also retain close ties with the dissenting House of Representatives (HoR) administration.*

- **Rumours persist over Russian arms deal:** A prominent regional media source has claimed that rumours concerning an arms deal between the Kremlin and the controversial Libyan Army chief, Marshal Khalifa Hifter, are well-founded. The report in question cites an anonymous Algerian intelligence source, who not only asserts that such a deal has been agreed, but also alleges that the Algerian Government would provide the conduit through which the arms could be brought into Libya without overtly contravening the United Nations Security Council (UNSC) arms embargo, which has been in force since 2011. While certain facts may lend the report a degree of plausibility – for instance, Hifter’s recent visits to Moscow and Algiers can be lined up suggestively – such extravagant claims require extraordinary evidence, which is simply not provided. As The Inkerman Group has reported previously, both Russia and Algeria have openly endorsed the Government of National Accord (GNA), and while back-room dealings should not be discounted, there is little reason to believe that the two are conspiring to undermine the UN plan for Libya. That being said, there can be no doubt that Russia has been courting Hifter over the past two years, and may look to increase its presence in the Mediterranean. President Vladimir Putin has shown that he has an appetite for risk over the past year, but it would be highly improbable that, having involved Russian forces in controversial operations in the Ukraine and Syria, the Kremlin would now look to move arms into a territory debarred by the UNSC. Of course, it could be the case that Russia agreed to a deal of this type with Hifter to be realised in the event of the UNSC lifting sanctions.
- **Mogherini and Kobler meet in Brussels:** On 24 January 2017, the European Union External Action (EUEA) High Representative Federica Mogherini and United Nations Support Mission in Libya (UNSMIL) chief Martin Kobler met in Brussels where they discussed the prospects for breaking the political deadlock and effecting a high-level reconciliation of the major Libyan stakeholders. According to a press release issued by the EUEA the question of how EU-UN and regional cooperation over Libya could be harmonized and made more effective was high on the agenda. Mogherini is also reported to have updated Kobler on ongoing efforts to stymie the flow of illegal migrants from Libya into Europe. As The Inkerman Group has reported previously, human trafficking flows into Europe have exhibited a dramatic shift over the past year, with almost half of all illicit migrants entering the EU through the so-called central route, extending from sub-Saharan Africa through Libya and across the Mediterranean to southern shores of Italy. Indeed, growing trans-Mediterranean traffic led the Italian Defence Minister, Roberta Pinotti, to call on the EU to expedite the second phase of Operation Sophia earlier this month.



Oil and Gas



• Libya's oil industry is currently being revived, with production having risen considerably since hitting a deep nadir mid-2016. A number of obstructions still remain in the form of industrial disputes, armed conflict, and other factors.

- **Oil Update:** The Chairman of the National Oil Corporation (NOC), Mustafa Sanalla, issued a statement on 24 January 2017, in which he announced that his organisation plans to end its “self-imposed moratorium since 2011 on foreign investment in new projects”. Sanalla said that he envisages this taking place “in the coming months” and that this is necessary in order to “achieve the best national interest for the Libyan oil sector and for Libya as a state”. Libya’s national oil production has more than doubled over the past six months, and Sanalla stated on 25 January 2017, that it had risen to 715,000 barrels per day (bpd). Sanalla has said that he plans to raise this figure much further, envisaging an output of 1.25 million bpd by the end of 2017, and returning to Libya’s pre-revolutionary peak of 1.6 million in the year 2022. For this to be realised, Sanalla has said, it is necessary for “investment to be unlocked”. The amount required is higher than the figure that Libyan institutions are able to offer, Sanalla noted, appealing for external backing. This could “generate a very high rate of return” for investors, Sanalla added, as the NOC is in his view the “only institution that can work across this difficult environment”. Increasing oil output in this way would build a “virtuous circle of domestic economic stimulus and security”, Sanalla said. Disruption has been a common feature of Libya’s oil sector, a recent example of which being the technical fault at Sarir oilfield that led to a shortfall of 60,000 bpd, but Sanalla noted that now a point has been reached where “all major oil export routes” are open. The political situation in Libya remains fractious, but Sanalla argued that because the Libyan Army “has its hands on the taps” through the presence of its forces near much of the oil infrastructure, while the revenues from historic oil contracts flow into the Government of National Accord (GNA)-aligned Central Bank of Libya (CBL) in Tripoli, this means that “each side has one key to the treasure room, but both keys are needed to open the door”. Retaining distance between the NOC and the political theatre, Sanalla avowed that his organisation works “for the whole country”, and keeping the NOC “out of the political game” is the “main issue” as it holds the country “united”.

National Infrastructure



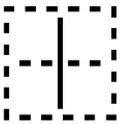
• Cuts to vital services such as the supply of electricity and water remain common in Tripoli and many other parts of the country, a frequent cause of social unrest. Rebuilding is underway in post-conflict zones of Sirte, Benghazi and other areas.

- **Third Force denies it is blocking deliveries to South:** Misratan Third Force commander Jamal Treiki has reiterated his claim that supply routes to the south-west of Libya are not being blocked by his forces. Shortages of electricity, cooking gas, and sometimes other essentials such as food and medicine became especially severe in this part of the country in recent weeks, leading to consternation and accusations of blame from the various



- factions in the region. On 16 January 2017, it emerged that eighteen members of the House of Representatives (HoR) from the Fezzan region had tendered their resignation from the assembly due to the situation, who later indicated that they would be willing to withdraw this decision if certain courses of action were taken by the authorities. They levelled some of the blame for the worsened shortages against the Misratan Third Force, contending that these units have been intentionally preventing deliveries of goods from reaching their destinations. Treiki denied this allegation, affirming that the road linking the south-western regional capital with the coastal trading city of Misrata was “safe” and that there have been “no security violations on the road”. One week later the dispute is still simmering away despite reports that some new deliveries of goods have been dispatched for the region. Treiki now seems to be accusing the HoR-aligned Libyan Army of being responsible for any impediments to deliveries; his comments should be set against a background of contention between Misratan and Libyan Army forces in the region which has seen a number of violent clashes take place between them. With rivals forces continuing to contend with one another in south-western Libya, it seems likely that as long as goods and services remain limited, accusations of blame will continue to be traded.

Borders and Migration

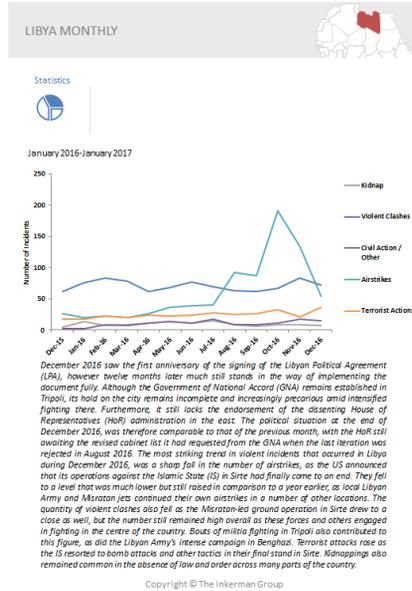
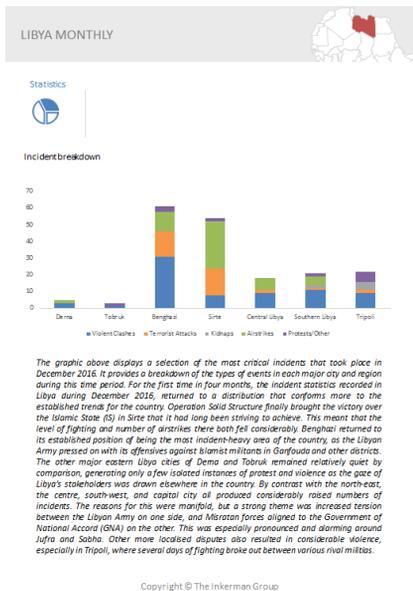


- *Incidents and disputes often lead to closures at a number of border crossings, while Libya continues to serve as a major departure point for large numbers of migrants bound for Europe*

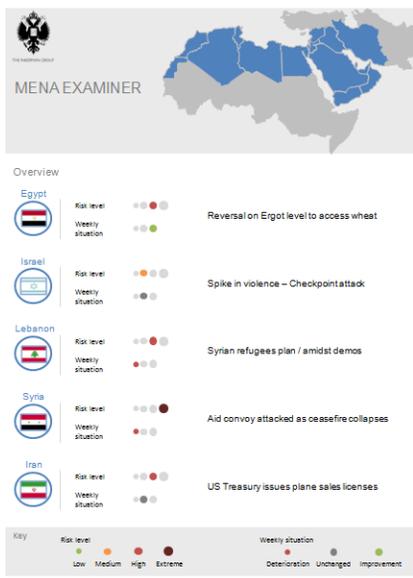
- **Ras Jedir Update:** It appears that traffic has been allowed to flow across Ras Jedir unimpeded for the first time since the Tunisian and Libyan authorities signed an agreement to open up the crossing last week. As The Inkerman Group has reported previously, Ras Jedir, the primary point of transit between Tunisia and Libya, was paralysed after protests erupted in the Tunisian town of Ben Guerdane earlier this month. The New Year has seen mounting disquiet in and around Ras Jedir, with Tunisian traders feeling themselves unduly marginalised by Tunis, and Libyan traders complaining of unfair stipulations in the latest trade agreements between the two countries. Both trading groups have also complained that anti-smuggling operations threaten to destroy livelihoods on either side of the crossing. It should be noted that, while restrictions have been eased, Tunis has become increasingly concerned that crossings like Ras Jedir will be used by returning Islamic State (IS) fighters looking to join up with domestic terror cells. It is thus likely that further disruptions to the flow of traffic at Ras Jedir will be seen in the coming months.

RELATED PRODUCTS -

LIBYA MONTHLY - A monthly report designed to give an overview of significant incidents and developments which could have an impact on the current security and political picture in country. In addition, this general overview has been analysed in order to identify particular trends which are emerging in Libya.



MENA EXAMINER - A weekly assessment of developments taking place across the MENA region, providing travellers and businesses operating in these countries with a comprehensive overview of the risk level alongside predictive analysis of the potential outcomes.



CORPORATE INTELLIGENCE PRODUCT SUITE

| | | | | | |
|---------------------------------|---|---|--|---|--|
| Political Risk | Political Risk and Security Review – weekly global report on the most significant political developments | Middle East & North Africa Examiner – weekly report on developments in 18 MENA countries | Foresight Monthly Risk Calendar – horizon scanning the globe for risk in the month ahead; polls, protest and events | Global Country Risk Ratings – monthly briefing on security and evacuation risk scale for 207 countries | Qualitative and Quantitative Risk Matrices – bespoke risk analysis for client-specific requirements |
| Kidnap Intelligence | Kidnap & Ransom Daily Bulletin –daily roundup of reported global kidnap and extortion incidents | Kidnap & Ransom Monthly Report – monthly analysis of kidnap trends across the globe | Inkerman K+R Dashboard – dynamic platform illustrating trend and analytics | | |
| Country-Specific Reports | Global Country Travel Risk Reports –country-specific travel briefs for personnel, drilling down to city level | Libya Daily – daily assessment of political security developments in Libya | Libya Monthly – monthly trend analysis of security developments in Libya | | |
| Travel Intelligence | IT Entry Procedures – country-specific IT security brief, covering airport scanning, encryption law, data copying and mobile telephony | Health & Safety Briefs – country-specific health and safety legislation reports | TIPS Daily – newsletter covering global OSINT monitoring based on client’s specific needs | | |
| Investigations | Fraud Weekly Newsletter – free weekly roundup of fraud, bribery and cybercrime news | Due Diligence reports – bespoke security and reputational risk reports | Social Media monitoring – bespoke online monitoring of client-specific topics | | |

DISCLAIMER

The contents of this Report are confidential and may also be privileged; any unauthorised disclosure, use or dissemination, either whole or partial, without the express permission, in writing, of the supplier, is prohibited. The contents of this document and any attachments do not constitute any commitment by the supplier, except where provided for in a written agreement between you and the originator. Whilst we undertake to use all reasonable care and skill in providing these services to our Clients, we cannot accept any liability for any losses suffered by the Client, where we have exercised such reasonable care and skill. In any event, the supplier does not accept liability for any consequential loss or damage of whatever sort, however caused to or incurred by the Client, in acting or relying upon any information provided to it by the Supplier and our liability is restricted solely to the restitution of our charges.

OPERATIONS CENTRE
INKERMAN HOUSE
3-4 ELWICK ROAD
ASHFORD KENT TN23 1PF
UNITED KINGDOM

THE INKERMAN GROUP
1 CORNHILL
LONDON EC3V 3ND
UNITED KINGDOM

THE INKERMAN GROUP
AM MEERKAMP 17-19
40667 MEERBUSCH
DUSSELDORF
GERMANY

REG IN ENGLAND NO: 3085655
VAT REG NO: 787297952
DATA PROTECTION: Z6511514

T + 44 (0) 1233 646940
F + 44 (0) 1233 646840

T + 44 (0) 20 7589 5338
F + 44 (0) 20 7589 5339

T + 49 (0) 2132 968 5151
F + 49 (0) 2132 967 9582

enquires@inkerman.com