



Libyan British Business Council

15 April 2011

Dear Colleague,

I last wrote to you on 27 March. Since then there have been several headline developments but few of them business-related. You might nevertheless welcome a brief review of the latest sequence of events, starting with the arrival in Britain of Libyan Foreign Minister Musa Kusa on 30 March. I will not cover the ebb and flow of the battle for control of the major settlements along the coast road: these, NATO action and the sad but few occasions when they have resulted in civilian deaths or friendly fire incidents have been well covered by the media. I will focus on the less travelled roads – and end the letter with news of an impending LBBC event to which you are all invited.

Sanctions

On 4 April, the US Treasury's Office of Foreign Assets Control (OFAC) removed Musa Kusa from its Specially Designated Foreign Nationals (SDN) List. On 8 April, however, OFAC added Prime Minister Baghdadi, Shukri Ghanem, Khaled El Tuhami, Abdul Hafid Zlitni and Bashir Saleh to the SDN List.

On April 8, on the other hand, OFAC issued [General License No. 4](#) pursuant to Executive Order 13566 of February 25, 2011, "Blocking Property and Prohibiting Certain Transactions Related to Libya." General License No. 4 provides guidance and an authorization with respect to investment funds in which there is a blocked non-controlling, minority interest of the Government of Libya.

On 12 April, the European Council extended sanctions to new individuals and entities, including DALIA Advisory (the LIA Subsidiary in London) but still not the Arabian Gulf Oil Company (AGOCO). The full list of individuals and entities, as amended, was issued as Council Implementing Regulation (EU) No 360/2011 and can most easily be found on HM Treasury's website at http://www.hm-treasury.gov.uk/fin_sanctions_libya.htm.

I know from members that their main focus has been on obtaining specific licences. I have heard from many how slow a process this is and clearly AFU resources are struggling under the pressure. But one or two members have kindly confirmed that they have obtained a specific licence to pay staff in Libya from funds held in bank accounts in the country.

I have seen confirmation by the AFU that it has also issued licences to enable payments to be made in respect of students in the UK who are sponsored by Libyan entities whose assets have been frozen. Such payments include educational, living and maintenance costs incurred by sponsored students.

The AFU has also issued licences to 'a bank in London' in respect of trade finance payments, including those due under letters of credit, concerning goods and services provided before the sanctions came into effect.

The Treasury website warns that HMT is aware of a number of bogus communications claiming to be from the AFU, which ask the recipient for personal information or funds. These bogus communications are often in the form of emails or letters, and sometimes use the name of a current or former Treasury employee. They are likely to be linked to organised fraud and it is strongly advised that you do not respond to them in any way.

Oil exports

Staying with the economic side of the crisis, you may have seen reports that a Liberian-flagged tanker, the MT Equator, was chartered by a Geneva-based oil trader (Vitol SA) and sailed from Tobruk (or Marsa el-Hariga) on 6 April, bound for Singapore with a cargo of 130,000 tonnes (952,900 barrels) of crude oil. It is not clear whether Qatar was involved in marketing the oil under its reported agreement with the Interim Transitional National Council (ITNC). The ultimate client is not yet confirmed.

The legal title to the oil is also unclear. As reported in my earlier summary, the NOC subsidiary AGOCO (which normally produces 400,000 bd from the Messla and Sarir oilfields – containing 80% of Libya's 46.4 billion barrels of oil reserves) has previously declared its independence. The NOC has naturally not accepted this declaration and has threatened to sue anyone buying Libyan oil from any entity other than the NOC.

Meanwhile, the specialist Oil & Gas Journal has reported that US Energy Secretary Steven Chu had confirmed US support for the oil sale by the ITNC. Officials have reportedly briefed journalists that opposition oil sales are not subject to sanctions as long as the ITNC creates a payment mechanism that does not involve the NOC or any other Libyan government institution. The arrangement with Qatar, or the payment of cash by traders to the ITNC, would meet these conditions. But whether the sales are legal presumably depends on the legal status of the NOC and its title to oil in fields operated by its subsidiaries and joint ventures.

Whatever the case may be, Libya government forces attacked targets at the Messla field on 4 and 5 April and at the Sarir field on 6 April. Oil production from these fields, which had fallen to 100,000 bd, finally stopped. The Libyan government tried to muddy the waters by accusing the RAF and NATO (which took over command of coalition operations on 31 March) of attacking the Sarir field but this nonsensical allegation was easily dismissed by NATO and the ITNC. The Libyan operation underlines, however, the vulnerability of oil installations and the difficulty for the opposition of countering the sort of operation in which the British Long Range Desert Patrol excelled, over the same territory, in the Second World War.

Politics

The London Conference on Libya was held at Lancaster House on 29 March. It brought together over 40 Foreign Ministers and international organisations, including the UN Secretary General, and agreed to support a political process to help the people of Libya in

choosing their own future; and agreed to establish a Libya Contact Group to take this work forward. It also accepted the UN's offer to co-ordinate humanitarian aid for the civilian population of Libya and lead the planning of longer-term stabilisation. The Chair's (sic) statement can be found at <http://www.fco.gov.uk/en/news/latest-news/?view=News&id=574646182>

On 10 April, a five man African Union (AU) mission led by President Jacob Zuma of South Africa (with the Presidents of Mali, Mauritania and Republic of Congo and the Foreign Minister of Uganda) arrived in Tripoli with NATO permission. The mission brought a 'road map' involving a full ceasefire and a negotiated transition to democracy. The mission travelled on to Benghazi on 11 April to meet the ITNC which gave its road map short shrift. The opposition were not interested in discussing any proposal that did not involve the prior departure of the Qadhafis.

The Contact Group established at the London Conference met in Doha on 13 April. The African Union attended as an 'invitee' (having been absent from the London Conference). The Group agreed that Qadhafi should go (the AU's status as an invitee meant it was not committed by this agreement among participants). The Contact Group welcomed efforts by others, particularly the UN Secretary General's Special Envoy, to find a political solution to the crisis but had none of its own to offer (it would hardly be seen by the Qadhafi government as a disinterested party) and agreed that a Temporary Financing Mechanism might help the TNC manage 'short term financial requirements and structural needs'. The Chair's statement can be found at <http://www.fco.gov.uk/en/news/latest-news/?view=News&id=583592582>

On 14 April, the UN Secretary-General chaired a meeting at the Arab League headquarters in Cairo involving the Arab League, the African Union, the Organisation of the Islamic Conference and the European Union (EU). The results of this meeting were not known at the time of writing.

Humanitarian

On 1 April, the European Council decided to establish an Italian-led EU military operation in support of humanitarian assistance in Libya (Operation EUFOR Libya). If requested to do so by the United Nations, EUFOR Libya will contribute to the safe movement and evacuation of displaced persons and support humanitarian agencies in their activities in the region. A further Council decision will be needed to launch the operation.

The ICRC reports that it has had delegates in Benghazi since 26 February and now has an office there with some 40 international and national staff. It also has a logistical base and a warehouse in the eastern city of Tobruk and has been working in the city of Ajdabiya, where it has provided about 15,000 people with food and essential household items, and supplied the main hospital with surgical instruments and dressing kits to treat wounded patients. The ICRC has so far visited over 80 Libyan servicemen and other people held by the armed opposition in Benghazi.

The ICRC visited Tripoli on 30 March for talks with the Libyan Prime Minister and other

senior officials. It has also recently visited Misurata. On 7 April, a World Food Programme (WFP) aid ship delivered aid to Misurata.

The LBBC has donated funds collected by the Libya Aid Fund to the ICRC. I am extremely grateful to those members who generously contributed to the Fund.

Diplomatic briefing

The Foreign & Commonwealth Office (FCO) has deployed a team to Benghazi under the leadership of Christopher Prentice (HM Ambassador to Rome). Richard Northern, HM Ambassador to Tripoli, is currently based with other members of Embassy staff at the FCO in London. Lord Trefgarne, John Parr and I are in close touch with Richard and Gareth O'Brien, in particular. We are watching the situation closely and look forward to organising a visit to Benghazi as soon as security allows and business prospects merit.

In the meantime, Richard Northern has kindly agreed to speak to our members on Thursday, 5 May. Richard has been closely involved with the development and delivery of British policy and will be able to speak with authority on its present course and future direction. The members-only event will be free of charge and held at BACB's office at 8-10 Mansion House Place, London EC4N 8BJ, from 10-12 noon with registration from 0930. If you would like to attend, please contact John Parr (secretariat@lbbc.co.uk) soon to secure a place.

Robin Lamb
Director General

The information contained in this summary is intended to be a general guide only and not to be comprehensive, nor to provide legal advice. You should not rely on the information contained in this summary as if it were legal or other professional advice.

LBBC Secretariat

50 Broadway, St James's Park, London SW1H 0RG
Tel: 020 7152 4051 Fax: 01306 881046 E-mail: secretariat@lbbc.org.uk