



9 May 2011

Dear Colleague,

As those of you who signed up to attend will know, we had to postpone our event on 5 May at a day's notice when the Foreign Office decided to despatch our speaker, Ambassador Richard Northern, to South Africa for bilateral discussions. We will look for an opportunity to reinstate the briefing he would have given us. In the meantime, if you would like to read an account of the military campaign, there is a considered assessment on the website of the Washington Institute for Near East Policy.<sup>1</sup>

### **LBBC/MEC Event, 6 June**

On 6 June, we are holding a joint briefing event with MEC International. Alastair Burt MP, Minister for the Middle East, agreed in principle to speak at this event when Lord Trefgarne and I called on him at the FCO on 4 May and we hope that international events and parliamentary pressures will allow him to do so. But Mr Burt agreed that if he could not speak in person, a senior FCO representative would do so in his stead. As soon as other speakers are confirmed, we will circulate full details of this event which will be held at the offices of LBBC member and law firm Stephenson Harwood at 1 Finsbury Circus.

### **LBBC Annual Reception & Lunch, 30 June**

You will also shortly be receiving details of the LBBC Annual Reception and Lunch at the House of Lords on 30 June. I am delighted to report that Sir Mark Allen has agreed to be our guest of honour and speaker. Sir Mark is an Arabist who, after 31 years in the Foreign Service, now works in advisory roles with a number of firms in the energy, IT and consultancy sectors as well as with some charitable organisations. He travels widely in the region. His book, 'Arabs', was published in 2006. I hope many of you will come to hear what he has to tell us.

### **Sanctions**

On 26 April 2011, the US Treasury's Office of Foreign Assets Control (OFAC) issued [General License No. 5](#) authorising US persons to engage in transactions with or involving Qatar Petroleum or the Vitol group of companies related to oil, gas, or petroleum products exported from Libya under the auspices of the Transitional National Council of Libya (the "TNC"), provided that neither the Government of Libya nor any other person whose property

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<sup>1</sup> <http://www.washingtoninstitute.org/templateC05.php?CID=3358>

and interests in property are blocked – with the exception of Arab Gulf Oil Company ("Agoco"), as an entity operating in areas controlled by the TNC and under the auspices of the TNC – receives any benefit from such transactions.

OFAC issued an accompanying [Statement of Licensing Policy](#)<sup>2</sup> establishing a favorable licensing regime through which US persons can request from OFAC specific authorization to trade in hydrocarbon fuel (i.e., oil, gas, and petroleum products), as well as authorization to support or facilitate the trade in such hydrocarbon fuel, to the extent that such hydrocarbon fuel is exported under the auspices of the TNC. US persons also can request specific licenses to engage in transactions related to the production of oil, gas, and petroleum products in areas controlled by the TNC.

Neither the EU nor the UK has followed suit. Members will recall, however, that the EU has at no stage listed Agoco under financial sanctions.

On 5 May, OFAC added DALIA Advisory Ltd and other entities, including the state broadcasting service, to its Specially Designated Nationals (SDN) list. DALIA Advisory Ltd was listed as a London-based investment firm that is 100 percent owned by the Libyan Investment Authority (LIA).<sup>3</sup>

### **International economic support for the TNC**

On 5 May, the Contact Group established at the London Conference on Libya (see my newsletter of 15 April) held its second meeting, in Rome. The Chairs Conclusions and related material can be read on the FCO website<sup>4</sup>. Among other developments, the Contact Group reiterated its support to the Interim Transitional National Council, including through the establishment of a Temporary Finance Mechanism (TFM). The Italian Foreign Minister Franco Frattini said \$250 million in humanitarian aid had already been pledged. These pledges were supplemented by commitments by Kuwait (\$180 million) and Qatar (\$400-500 million).

US Secretary of State Hillary Clinton went a step further when she told the Contact Group that the Obama administration wanted to make some Libyan frozen assets in the United States (valued at \$33 billion by the US Treasury) "available to help the Libyan people". The Libyan regime criticized her proposal as "piracy". In the event, it does not seem that any countries are yet proposing to release funds from the frozen assets. Instead, the TNC has announced that it is discussing loans from a number of countries secured against the assets. The countries involved will not include the UK which regards the frozen assets as the property of the Libyan people to which the TNC does not own title. There cannot therefore be any way of securing a loan against them.

Senior TNC figures have spoken of a target sum of \$3 billion, to cover six months

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<sup>2</sup> [http://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20110426\\_33.aspx](http://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20110426_33.aspx)

<sup>3</sup> <http://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20110505.aspx>

<sup>4</sup> <http://www.fco.gov.uk/en/news/latest-news/?view=News&id=592277182>

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expenditure. This will include the payment of salaries to Libyan state employees who may make up 80% of the work force in eastern Libya. But the Executive Director of the United Nation's World Food Programme (WFP) has warned that the TNC is struggling to buy and distribute food. She has warned that Libya's food supplies could run out within six to eight weeks unless plans are put in place to avoid a full-scale humanitarian crisis and that the crisis is particularly acute in eastern Libya. Meanwhile, fuel and other shortages are biting hard in Tripoli<sup>5</sup>.

### **UK licences**

Although the UK authorities take a restrictive view on the use of Libyan frozen assets, most law firms who are members of the LBBC can offer advice on frozen payments under existing Libyan contracts and can assist members with obtaining licences from HM Treasury. If you would like a list and contact details, please contact John Parr.

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.*

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