



Libyan British Business Council

10 March 2011

Dear Colleague,

Lord Trefgarne and I called on Lord Green of Hurstpierpoint, Minister for Trade, Investment and Business, at the House of Lords on 9 March. We asked him a number of questions about the current situation in Libya, UK policy, the workings of international sanctions and the prospects of relief for British companies from the impact of sanctions.

Lord Green told us that British interests resided in a strong and stable North Africa and this governed the British Government's efforts to achieve this goal. The immediate aim was the removal of Qadhafi and a smooth transition to a more open and democratic government in Libya.

Lord Green said it was possible that the Qadhafi regime continued to receive oil export revenues. Libyan oil exports had fallen but had not stopped and, since there was no embargo on Libyan oil exports, it was not illegal to pay the NOC for oil. With Qadhafi and his immediate family in particular subject to UN sanctions, including an asset freeze, however, traders were being deterred from accepting Libyan oil and it was likely that the Qadhafi regime's access to oil revenues had been disrupted.¹

Lord Green said that payment of oil export revenues to the opposition National Libyan Council for oil lifted from the area under opposition control was a complex question with no clear present answer. The legal position would need to be clear, which would require judgements on sovereignty, legal status and other issues. With no international measures in place targeting the oil sector, the British Government had no power to divert Libyan oil revenues.

Lord Green told us that it was too early to say whether, if a deadlock was prolonged on the ground, a point might come when sanctions would be lifted for the area under opposition control. But sanctions were intended to be 'smart', appropriately targeted and with a relative degree of flexibility, allowing targets to be added or

¹ (Colleagues may have seen that while some US international oil companies including Exxon Mobil, ConocoPhillips and Marathon – the last two being partners with Hess and an NOC majority in the Waha Group – are reported to have voluntarily ceased trading with Libya, Eni CEO Paolo Scaroni has told the Financial Times that Eni is continuing to lift Libyan oil and gas under its contractual obligations to the NOC).

removed or the scope altered. All appropriate options were being explored, although it would not be wise to plan on the assumption that an embargo would be imposed on oil and gas exports. The arms embargo was currently the only measure in force country-wide: the other measures, asset freeze and travel ban sanctions, were targeted at individuals and did not apply to an area of the country. Meanwhile, UKTI had no plans to open an office in Benghazi.

Lord Green said that any British person or business due a payment by a person, entity or body listed in Annex II or III to EU Council Regulation No 204/2011 should apply to HM Treasury for a licence. This could be done via email to afu@hmtreasury.gsi.gov.uk (I mentioned that I had not yet received a reply to my emails to the AFU but they are of course under great pressure).

Otherwise, the British Government would seek to give all support possible to companies affected and would consider what actions were appropriate at the time. But there were no British Government funds to compensate businesses which had not taken out adequate insurance cover. Companies were always advised to take out credit insurance and to ensure they were covered against political risk. Those that had done so were clearly in a much stronger position now. Lord Green asked us to help disseminate advice on crisis management and business continuity plans which was available from www.businesslink.gov.uk (Comment: perhaps more useful at this stage for those of you with business in other countries than Libya and I know many of you already had contingency plans in place).

Lord Trefgarne expressed our gratitude to Lord Green for agreeing to fit us into an already full schedule. Lord Green welcomed the close cooperation between the LBBC and UKTI and confirmed that this would continue.

Robin Lamb
Director General

LBBC Secretariat

50 Broadway, St James's Park, London SW1H 0RG
T. + 44 (0)20 7152 4051 Fax: + 44 (0) 1306 881046 E-mail: secretariat@lbbc.org.uk