

LIBYA: “CYRENAICAN POLITICAL BUREAU” ANNOUNCES REGIONAL OIL COMPANY

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On Sunday, November 10, 2013, the Prime Minister of the self-declared Cyrenaican autonomous government, Abd-Rabbo al-Barassi, announced the creation of the Libyan Oil and Gas Corporation. The oil firm’s headquarter has been initially set up in Tobruk, near the Hariga oil terminal, but it will later be moved to Benghazi. The firm will be responsible for oil export, independently from the state-owned National Oil Corporation. This was the latest challenge Ibrahim Jadhran, head of the “Cyrenaican Political Bureau”, launched to the authority of Libya’s Prime Minister Ali Zidane in recent weeks.

The establishment of a new oil firm will further fragmentize Libya’s oil production, already affected by continues strikes, blockades and clashes organized by militias, employees and ethnic minorities. Recently, PM Zidane said that the 60 percent of energy facilities have been closed down, while Libyan Economy Minister Mustafa Abu Fanas stated that Libya has lost some \$6.43 billion in oil revenues since last summer, when the occupation of oil and gas facilities has become more frequent. This reduction could lead the country’s GDP to shrink by 5.1 percent, according to the International Monetary Fund’s estimates.

Indeed, the security of Libya’s energy infrastructures has been under permanent risk since the ousting of former leader Muammar Gaddafi. Given the country’s dependence on energy export, all components of Libya’s society have found in the

attacking of energy infrastructures the way to obtain political and economic gains from a government incapable of ensuring even the physical protection of its Prime Minister and deputy intelligence chief (both experienced short-time kidnapping by militias).

Since the beginning of the year, and during the summer in particular, the number of attacks, protests and occupations of energy infrastructures has risen dramatically. As said above, the roots of these attacks are as many as the number of factions competing for a share of political power. At the very beginning of the year, clashes were reported between opposing militia groups, who were competing for providing “security guard service” at the Mellitah oil and gas terminal in Tripolitania. Similar episodes were reported at the Dahra oil field. However, the presence of armed militias in Mellitah was not welcomed by employees, who staged protests in January for demanding the presence of the army to provide security at the facilities.

The situation worsened when employees at the Mellitah terminal, the Zawiyas oil refinery, the Sidra, Ras Lanuf and Zuetina oil terminals staged protests to demand higher wages and better working conditions. At the same time, ethnic minorities like the Tuareg, other Amazigh groups and the Toubou have also started attacking the facilities in Mellitah, Nalut (whose pipeline supplies the Mellitah terminal) and the El-Sharara oilfield. Their demands include a better representation in the Constitutional Committee, with a higher number a seats, as well as their language and cultural heritage to be included in the Constitutions.

All these groups (militias, employees and ethnic minorities) have increased the number of operations since July, hence strongly affecting oil and gas production and export (mainly to Italy). Their *modi operandi* have included so far: blockade of facilities’ entrances to hamper employees’ work; blockade of roads leading to ports where terminals are located; occupation of facilities; seizure of oil tankers; smuggling of oil; and armed attacks for seizing security guards’ equipment and weapons.

So far, the Libyan government’s response has been definitely inadequate. Apart from the expansion of the Petroleum Facility Guards to 18.000 units (which lead, however, to further inter-militias clashes for the allocation of these new jobs) and generic

threat to cut militias' financial support, nothing more has been done. The government, in fact, is both unwilling and unable to tackle militia's power with a strong hand. The lack of a strong and reliable police force and army has forced Libyan authorities to rely on militias for security services. However, militia groups have soon started blackmailing authorities to obtain more economic or political gains till to kidnap for few hours the PM Zidane (October 10) and the Deputy Intelligence Chief Mustafa Noah (November 17).

The situation is unlikely to improve in the near future; rather it could easily worsen if the Cyrenaican autonomous government will not be suppressed by the central government and if the autonomous region will demonstrate to successfully handle the region's energy resources. If this will be the case, then other groups could take similar initiatives, hence bringing the country in a more dramatic chaos than the one experienced so far. To avoid this scenario, the central government could seriously think about asking a foreign intervention to restore the unity of the state, as warned by PM Zidane following this week's events. In this regard, last October NATO has decided to send a 10 people team of experts to Libya to help the government building its defense institutions. Given the current situation, however, the mission might require an expansion, maybe with the inclusion of a EU law enforcement mission for the training of police forces.