

# A Theatre of Conflict in Libya's Oil Crescent



A Libyan fireman stands in front of smoke and flames rising from an oil storage tank at an oil facility in northern Libya's Ras Lanouf region on January 23, 2016, after it was set ablaze following attacks launched by Islamic State (IS). Photo AFP

Since the fall of former Libyan dictator **Muammar Qaddafi**, rival factions have been vying for control of Libya's **oil crescent**. Those who control the oil terminals control the flow of exports, which is responsible for **90 percent** of Libya's export earnings.

Before Qaddafi was overthrown, Libya was pumping around **1.6 million** barrels of oil each day. In 2018, despite frequent attacks on personnel and oil terminals, Libya's **oil production** has hovered around a million barrels per day.

The latest attack happened on September 10, when gunmen stormed the headquarters of the National Oil Corporation (NOC) in Tripoli. Two staff members were reportedly killed, while ten others

were wounded. The two gunmen also died. The NOC is considered Libya's most important and last functioning state institution. And while no group immediately claimed responsibility for the attack, Libyan authorities suspect that the **Islamic State** group (IS) was the culprit.

Despite the incident, violence remains more frequent in Libya's 'oil crescent.' For nearly two years, forces loyal to eastern commander **Khalifa Haftar** have controlled the area, giving his self-described Libyan National Army (LNA) significant leverage over his rivals. However, keeping control over the oil terminals has proven to be an exhausting task.

On June 14, 2018, militia leader Ibrahim Jadhraan - who controlled the oil ports until 2016 - tried to **recapture** two major ports, the Sidra and Ras Lanuf oil ports, both of which had been under the control of Haftar's LNA forces. At the time, the LNA was engaged in a **bloody battle** in the eastern city of Derna.

Besides trying to regain leverage in Libya's affairs by capturing the oil wells, Jadhraan's precise motives are unknown. However, it appears that his attack **was an attempt** to aid jihadists in Derna, who share a common enemy in Haftar.

"We announce the preparation of our ground forces and supporting forces in the oil region, and our objective is to overturn the injustice for our people over the past two years," Jadhraan **said** in a video shortly after launching the attack.

The surprise strike on the oil ports did little to change the militia landscape in the east. Within a week, Haftar **sent** reinforcements to recapture the oil terminals that had been briefly lost.

After regaining control, Haftar **announced** that he would hand responsibility of oil sales to the eastern National Oil Company (NOC) in Benghazi, the main city in the east. The eastern branch of the NOC is deemed illegal by the international community, which only recognizes the NOC in the capital of Tripoli. Jason Pack, a columnist for Al-Monitor, **wrote** that the issue of which NOC administers the oil is actually an issue of where the revenue flows. That was clear after Haftar's spokesperson argued that the move was necessary to prohibit the Central Bank in Tripoli from using the money generated from oil to fund enemies of the LNA.

With no evidence to support the allegation, Haftar's **decision** received little backing. Not even his key allies, **Egypt** and the **United Arab Emirates** (UAE), **supported** the move. But the big question, of course, was if the eastern NOC would attract any buyers.

**It didn't.** As Al-Monitor's Jason Pack notes, the international community views the Tripoli NOC as a legitimate national body. It boasts **65,000 employees** and it is run by a reputable technocrat in Mustafa Sanallah. The eastern NOC, on the other hand, is **administered** by a much smaller staff, which the global community views as thieves. The United States has even been on the **cusp** of sanctioning the eastern NOC, after Tripoli's NOC called for sanctions against Benghazi's.

By July 11, Haftar was forced to **reverse course** due to mounting international pressure. The internationally backed Government of National Accord (GNA) also made several gestures to try and per-suade Haftar to hand control over oil sales back to the NOC in Tripoli.

International Crisis Group (ICG), a non-profit think-tank committed to conflict resolution, **noted** that the GNA's most important gesture was asking the U.N Security Council (UNSC) to conduct an independent assessment of the disbursement of funds of the central bank in Tripoli and the central bank in Benghazi.

Mohammed El-Sallak, who is the official spokesperson of **Fayez Seraj**, the prime minister of the GNA,

told The Libya Herald that the UNSC responded positively to the request. However, he noted that the details of the implementation of these audits and their exact purpose are still being worked out.

International Crisis Group argues that the purpose of the audit could be a 'confident building step' to unify Libya's divided institutions. That's only possible, of course, if the purpose of the audits is to merely publish a review of the broad expenses of Libya's central banks, rather than track and expose every personal transaction.

The former option, writes International Crisis Group, could inject new momentum into peace efforts, while the latter could trigger a blame game between Tripoli and Benghazi. To avoid polarizing the country even more, the UN should engage in secret diplomacy between the foreign ministry in Tripoli and its rival in the east, as well as with both central banks before an audit is undertaken. That's the only way, argues International Crisis Group, for the UN to present itself as a neutral actor.

"In order to address the potential backlash of being perceived as exclusionary and dismissive of the public's demands for transparency and accountability, which risks making the UN seem complicit in covering up corruption, both international and Libyan stakeholders involved in the process should send a clear political message that the reunification of the country's central bank is the priority," International Crisis Group's stated in its report.

Emad Badi, a peace activist from Tripoli and Libya analyst, told Fanack Chronicle that it would be a stretch to assume that the two central banks can be unified by an audit. Doing so, he said, requires political will from domestic actors as well as the full support of the international community.

He also suspects that there will be more attacks on oil terminals in the future. The disillusionment of the Magharba tribe - which counts Jadhraan among its members - and divisions on the national level could result in further conflict, he says.

Sadiq al-Kabir, who was elected as the central bank governor in 2011, is another point of contention. Haftar accuses al-Kabir of partisanship, alleging that he is using public money to finance militias in Misrata and Tripoli that are hostile to the LNA. To appease Haftar, any economic reform would need to include the dismissal of al-Kabir.

"The fact that the conditions agreed upon by Haftar to handover oil ports to the legitimate NOC were not met, such as economic reforms, Libya's central banks' unification and salaries for the LNA, foretells that the Libya oil crescent will remain an area that will be the theatre of more conflict," predicts Emad Badi.