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Libyan Oil – the Bargaining Chip in the Struggle for Power

Pogos Anastasov 9/24/2016



Between September 11 and 12, 2016, the Libyan army, under the command of General Khalifa Haftar, took control of the key oil facilities of the 'Oil Crescent' on the Mediterranean coast in Zawiya, Ras Lanuf and Sidra as well as Zueitina and Mersa Brega, through which the bulk of the oil produced in the country runs. The capture was done almost without bloodshed, with only one person having died.

Back in July, the Government of National Accord led by F.Sarraj agreed with the so-called 'Petroleum Facilities Guard' (which actually consists of the separatist armed forces) that for a set fee, they would protect the oil-loading infrastructure. The government was planning to ensure the

terminals' security and fill the emptying budget by restarting oil exports. However, the 'Guard' was for not so long under the command of the central government, being dissatisfied with the fees charged. As a result, the level of oil production and shipment through Libyan ports has fallen drastically, barely reaching more than 200...290 thousand barrels per day. Let us recall that when M. Kaddafi was in power, Libya was producing 1.65 million barrels of oil a day, with 300,000 cratering for domestic needs, and the rest (1.3 million barrels) exported. This enabled the country to develop into one of the largest oil exporters in the world, with its production levels at par with those of Kuwait, Qatar or Mexico.

The entire oil industry has now come under the control of the Libyan armed forces. Haftar, a General who has become Marshal, now controls five out of the six major terminals, while ISIS controls the one in Sirte (ISIS was banned in Russia as a terrorist organization). At the same time, the Command of the Libyan army has guaranteed the execution of all oil supplies on which Libya has signed up, both for domestic consumers and for export. This decision was strongly supported by the Parliament sitting in Tobruk, internationally recognized as the country's legislative body. As its speaker, Aguila Saleh, said in supporting General Khalifa Haftar's actions, "Libya's National Oil Corporation (NOC) will comply with all the existing obligations and contracts with domestic and foreign companies." It follows from the statement of the National Oil Corporation of Libya itself that, until the end of 2016, the authorities in the east of the country are planning to increase the production of black gold up to 950 thousand Barrels per day in just a month.

Of course, regaining control over the oil terminals does not solve all problems. They still need to convince the Western companies to come back to the country. And this requires a firm grip and stability. After all, in the actual anarchy in the country after 2011, most of the foreign companies producing oil were forced to halt production or drastically reduce their volumes. Only the most staunch stayed, including Italian ENI and American ConocoFillips, while French TOTAL, Royal Dutch Shell and Marathon Oil turned off most or all of their production works and took their staff out.

It would seem that gaining of control by the national armed forces over the country's main industrial infrastructure should be welcomed by the whole civilized world. But nothing of the kind.

In a joint declaration, on September 12, representatives of the USA, France, Germany, Italy, Spain and the UK called for Khalifa Haftar troops to leave the oil ports that were captured the day before from the oil enterprises' security divisions. "We urge all the armed groups invading the territory of the Oil Crescent to retreat immediately without any preconditions," they said.

The Special Representative of the Secretary-General and Head of the UN Support Mission in Libya (UNSMIL), Martin Kobler, actually echoed these sentiments. On September 13, at the Security Council meeting in New York, he expressed concern over the capture of the oil terminals in the northern Libya, "I was afraid that this might happen. Such developments would hinder oil exports, deprive Libya of its only source of income, and increase division in the country," Kobler said. According to him, Libyan oil should be exported exclusively under the

control of the Government of National Accord and the Presidential Council, which are the only legitimate authority in the country.

Wringing his hands, the Special Representative of the Secretary-General said that Libya is a country rich in natural resources, but its "economy is moving to a total collapse." According to him, salaries, social benefits and subsidies are now taking almost the entire budget, which itself is at a 75 per cent deficit.

What enraged the West so much? It is very simple. General Khalifa Haftar's resumption of control over oil terminals shifts the balance in the struggle for power in the country completely in his favor, especially as he enjoys the support of the legitimately elected parliament. Meanwhile F.Sarraj's government and the above-mentioned Presidential Council, which is sponsored by the West to protect its interests, is actually left destitute.

The same M. Kobler is clearly disingenuous in referring to these institutions as being only legitimate. The parliament in Tobruk, however, is more legitimate than F.Sarraj's cabinet, as it was elected by the Libyan people. On the other hand, the Government and Presidential Council are the product of the obviously flawed Skhirat Agreement of December 17, 2015, even though they are approved by the international community, as they were not initially agreed with all the nation's powerful public and political forces. Moreover, the Parliament has not voted for the transfer of powers to the government that was formed under the dictation of the West, despite all of M.Kobler's tricks and the severe pressure that he exerted on his deputies in August of this year. The question of Command over the National Armed Forces still remains unresolved. According to the Skhirat Agreement, the Command must be transferred to the Presidential Council, but the Commander-In-Chief and the Parliament supporting him do not agree with that.

At present, the events may follow one of the two options. The first is that the Skhirat Agreement can be amended, and Khalifa Haftar either becomes the approved Commander-in-Chief of all the Armed Forces of Libya or the Minister of Defence, which are both equal positions, and Libya unites peacefully under F.Sarraj's government.

The second option is to dissolve the current government, throw the Skhirat Agreement into the basket, and General Haftar, based on his archived advances (control over Cyrenaica, major oil fields and terminals of the country), extends his control over whole Libya.

Of course, the first option of proposing a political agreement between the main players is the most preferred. However, its implementation is associated with many limitations, since General Haftar and A. Saleh who is supporting him strongly oppose the Islamist groups governing in Tripoli, and both are not satisfied with the Cabinet, whose members are obviously selected by forces from abroad.

The belligerent option cannot yet be completely thought out, since it is unclear which side the country's western tribes will support. They are obviously alien to the Islamists from the Muslim Brotherhood, and even more to ISIS in Sirte. And yet, it could not be stated with certainty that they would comply to being under the power of the eastern tribes represented by Kh.Haftar and A. Salih. And the West may consider that in his struggle for power, General Haftar has crossed

the 'red line', and launch a military intervention, which has long been talked about in Western capitals.

However, at this stage, political compromises with F.Sarraj seem to be more realistic, since they give the General the opportunity to gain time and not provide grounds to Western countries for starting a new intervention in the country. The temporary paralysis of the West, caused by the US presidential elections, has provided Kh.Haftar and his allies with a chance to peacefully impose their version of a settlement on the current government.