



**Scott Wilcox Middle East**

Management & Advisory Services

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# Libya Report: 05 - 11 July 2012



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## Key Judgements

- On 11 July, final election results in Libya were still pending and official announcement. However, wartime Prime Minister Mahmoud Jibril was the leader in the initial polls.
- The National Transitional Council's deputy chairman, Salem Gnan, said in a media interview that the NTC will hand over power in four weeks (6-8 August).
- Election day in Libya witnessed a number of violent outbreaks, largely confined to eastern Libya.
- The International Monetary Fund announced on 10 July that Libya's economy is likely to rebound sharply after a year of deep contraction in 2011.

**This report assesses political, security and economic issues that have arisen over the past week. For a detailed record of security incidents occurring in Libya, subscribers should refer to Scott Wilcox Online information System (OIS).**

## Political Situation

**Election results pending, with Jibril leading:** By 11 July, final election results in Libya were still pending and official announcement. However, wartime Prime Minister Mahmoud Jibril was the leader in the landmark elections at the time of writing, with Islamist groups faring worse than their predicted significant victory. Jibril's National Forces Alliance achieved victories in eastern districts, showing that his support and popularity were more widespread than just urban areas, such as Tripoli. The eastern region, which was considered to be an Islamist stronghold, has certainly made the election result closer than previously anticipated.

**NTC to hand over power in 4 weeks:** The National Transitional Council's deputy chairman, Salem Gnan, said in a media interview that the NTC will hand over power in four weeks (6-8 August), once the national congress is elected. The 200-member national congress is expected to replace the ruling NTC to supervise the government and to oversee experts who will draw up a new constitution for the country.

**New parliament could be built on former Gaddafi compound:** Libya's transitional government have created a plan to build the new hub of Libya's democratic system at the heart of the previous dictatorship. Muammar Gaddafi's compound could be turned into a new complex to house the country's new national congress, as well as creating a museum and library.

**Ex-oil minister died naturally:** An autopsy result concluded that former oil official, Shokri Ghanem, died of natural causes. The former oil official's body was found in the Danube River in April 2012, and while Ghanem was most likely not dead when he fell into the water, he died from heart failure and not from drowning, according to officials conducting an investigation into his death in Vienna.



**Analyst's Comment:** Jibrils' prominence during the uprisings last year, which cause the Gaddafi regime to crumble, has no doubt benefitted him in his campaigning for office. However, his gains will not automatically translate into a majority or dominance in the national assembly, which will ultimately choose a prime minister and his cabinet before establishing full parliamentary elections next year. The national assembly will consist of 80 seats for candidates on party lists, with the remaining seats being allocated to independent candidates, who may be less loyal or forthright with their allegiances. The head of the Justice and Construction Party, the political wing of Libya's Muslim Brotherhood, said that, 'with our own numbers we are almost certain that we have the majority in the independent seats.' While this may be exaggeration, it would do well to remain cautious regarding the final composition of the assembly.

## **Security Situation**

**Violence witnessed during voting:** Election day in Libya witnessed a number of violent outbreaks. Opponents of the elections, loosely terms "federalists" travelled in groups carrying placards and weapons, and stormed polling stations in the city, destroying ballot boxes and papers. The violence was mostly contained to Benghazi and eastern areas of Libya, though other cities witnessed civil unrest. Security checks and personnel seemed scarce, according to media reports, meaning that when attacks were launched against polling stations, the guards were largely caught by surprise and easily overwhelmed. A helicopter carrying election materials was hit by a rocket propelled grenade, killing at least one individual.

**Anti-election protester shot dead in eastern Libya:** On 07 July, an anti-election protester was shot dead in Ajdabiya, in eastern Libya, when he attempted to steal a ballot box from a polling station on the first day of voting. Ajdabiya witnessed a number of protests in the lead-up to the elections, not least due to their belief that the east is being marginalised in the new national assembly, being apportioned only 60 seats compared to the west which has been allotted 102 seats.

**Two reporters captured on Bani Walid:** On 05 July, two television reporters were kidnapped in Bani Walid, causing a stand-off in the towns of Misrata and Bani Walid. Reporters Without Borders have said that their captors have demanded the release of a number of detainees in Misrata in return for the safety and release of the kidnapped journalists. Militia fighters in Misrata had threatened to enter Bani Walid and forcibly rescue to two journalists, but the local Misratan military chief has ordered fighters to hold back on such action.

**Analyst's Comment:** The vast majority of election-related violence was confined to eastern Libya, while the rest of the country enjoyed largely peaceful elections. However, the protests in the eastern regions of the country highlight the volatility of the security situation in Libya, and the fact that not all Libyans are committed to the cause of democracy. In addition, many feared that Islamist group would achieve success in the elections, and were wary of creating a national assembly which reflected these values. As the first democratic elections in four decades, the electoral violence is neither surprising nor as devastating as some of the reports may suggest. The official announcement of election results may cause further isolated outbreaks of violence in the coming weeks, but these may just be the growing pains of a fledgling democracy.



## Economic Situation

**Oil exports decline due to protests:** On 06 July, it was reported that almost half of Libya's oil exporting capacity has been shut down and production reduced by approximately 300,000 bpd. This is due to protests in eastern Libya, with demonstrators demanding greater autonomy for the region. At least three main oil exporting terminals were closed and significant delays were caused to oil shipments from the region. This is part of an on-going demand for autonomy from the eastern provinces.

**IMF predicts Libya economy to double this year:** The International Monetary Fund announced on 10 July that Libya's economy is likely to rebound sharply after a year of deep contraction in 2011. As the country recovers from a civil war and oil production continues, the IMF have predicted a growth of 116.6% in 2012 following a contraction of 60% last year. Growth next year is likely to slow to 16.5% and 13.2% in 2014, according to the IMF, as the effects of the war on the economy wane and subside.

**Analyst's Comment:** The events in Libya over the past year have demonstrated the country's reliance on oil profits to keep the economy afloat. The revolution last year and the on-going political protests continue to jeopardise the industry, with oil exports being affected this week. For Libya's economy to recover, not only will the oil industry need to become increasingly hardened to logistical challenges, such as protests and strikes, but Libya's economy will need to become more than a one-trick pony. Economic diversification and the return of other industries which were damaged by the revolution (e.g. tourism, infrastructure, etc.) will ensure a more stable and more reliable economy for the newly flourishing country. However, the IMF's predictions regarding growth rates seem appropriate as oil production returns to Gaddafi-era levels.

## Travel Advice

- In the aftermath of the recent elections there is an elevated risk of rallies and gatherings occurring at short notice in Tripoli, Benghazi and other urban centers throughout Libya. Personnel should avoid such gatherings, as there is a chance they could turn violent.
- Much of the election-related violence has been confined to eastern areas of Libya. These areas should be avoided if at all possible.
- Local militia violence continues across Libya. Travelers are advised to take necessary precautions when travelling outside Tripoli and Benghazi, as well as remaining vigilant when in these cities.
- The FCO continues to advise against all but essential travel to Zuwara, Az Zawiyah, Tripoli, al Khums, Zlitan and Misrata, and the coastal towns from Ras Lanuf to the Egyptian Border, including Benghazi.



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- Due to the risk of unexploded ordinance, off-road driving should be avoided. There have been reports of violent incidents on some desert routes, so travel to remote places should be undertaken with extreme caution. In general, all travel in the desert should be undertaken in groups and you should ensure that you are well prepared with enough fuel, water and food etc.
- The risk of kidnap in southern areas near the borders with Algeria, Niger and Chad will continue. Since the beginning of the conflict in February 2011, there have been a number of reports of kidnappings of Western personnel in the west of the country, to the south of Tripoli.





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