



Briefing Note

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Crisis Group Libya Update #2

This Briefing Note provides up-to-the-minute analysis of attempts to end Libya's almost decade-long civil war through talks focused on reunifying the country's government, oil-based economy and security forces. It is the second in a series of twice-monthly updates.

Foreign Actors Drive Military Build-up amid Deadlocked Political Talks

A tenuous ceasefire continues to hold in Libya between forces allied to the Tripoli-based government and their rivals in the east. Yet there is reason to worry that the five-month hiatus in the conflict could end abruptly. The 23 October ceasefire agreement silenced the guns but otherwise is a dead letter: both sides have backtracked on fulfilling its terms and instead continue to build up their military forces. Another concern is the failure to find a political way forward. The UN's attempt to revive dialogue and appoint a new Presidency Council and prime minister to head a unity government has floundered. The prospects of uniting the country under a single government equipped with an electoral roadmap are thus highly uncertain. Fortunately, despite these red flags, there appears to be little appetite among Libyan factions and their foreign backers to restart the war.

The Ceasefire Terms Go Unfulfilled

The October ceasefire agreement, which was signed by pro-Tripoli representatives and delegates of the Libyan National Army led by Field Marshal Khalifa Haftar, established that Libyan rival forces would withdraw immediately from the front lines and freeze foreign military training agreements. It also stipulated that all foreign fighters supporting the two military coalitions would leave the country by late January. Yet neither side appears keen to implement its

commitments and both seem determined to dig in further.

Diplomatic sources and online reports indicate that Turkey sent several sea and air shipments of military equipment to its Tripoli-based allies throughout November and December. Satellite imagery published on 10 December suggests that Ankara has also continued to reinforce its presence at al-Wutiya, an air base close to the Tunisian border where Turkish officers have been operating since mid-2020. Some foreign analysts speculate that Turkey is installing new aerial defence systems there in preparation for deploying fighter jets. Officials in Ankara have not commented on the matter, nor have UN officials. If the analysts' conjecture is correct, however, such a deployment could rapidly escalate tensions between Turkey and its regional foes Egypt and the United Arab Emirates (UAE). Western diplomats suspect one of these two countries carried out an airstrike (or at the very least, called on one of their other allies to do so) on Turkish positions in al-Wutiya in July 2020, in another manifestation of the years-long feud between Cairo and Abu Dhabi, on one side, and Ankara and Doha, on the other. Qatar reportedly bankrolls Turkey's operation in Libya.

Haftar-held positions in central and southern Libya also have received military reinforcements. Pro-Haftar sources confirmed to Crisis Group that foreign partners are slowly seeking

to strengthen the field marshal's camp's hold on the areas, though they refused to specify the countries involved. They added, however, that the Libyan National Army is enlisting numerous new recruits from the south, including non-Libyans. Russian private military contractors appear to have increased their presence at two air bases, al-Gardabiya and al-Jufra, in central Libya, and also appear to be moving equipment from there to Brak al-Shati, another Haftar-controlled base further south. At the same time, diplomatic sources talk of continued Emirati military supplies to Haftar's rear base in eastern Libya. It is unclear if Russia and the UAE are coordinating their movements and supplies. A recent Pentagon report suggests that the UAE is providing financing for Russian private contractors in Libya, a claim that both Abu Dhabi and Moscow have denied.

In light of these reports, the two Libyan sides have traded accusations of violating the ceasefire terms. On 7 December, the Tripoli-based government accused Haftar-led forces of attempting to take over a military base in the southern desert town of Obari. Tribal representatives in Obari, who are not aligned with either side, promptly clarified that the matter was based on a misunderstanding. But in the following weeks, officials in Tripoli continued to alert foreign diplomats to what they said was a military build-up in the south. The anti-Tripoli camp has officially denied it is mobilising in the south and instead accused Tripoli, in a 7 December statement, of dispatching "militias, weapons and military equipment toward the front lines west of Sirte and Jufra".

Turkey has also been the target of accusations. On 9 December, the Haftar-led coalition blamed Ankara for "undermining Libyan sovereignty and its resources" by "dispatching military equipment through an uninterrupted air bridge and transporting mercenaries and foreign fighters to fight the Libyan people". A few days earlier, naval vessels loyal to Haftar stopped a Turkish cargo ship off the eastern Libyan coast. This incident prompted the Turkish foreign ministry to warn that targeting

Turkish interests in Libya will have "grave consequences" and that Haftar's forces will be viewed as "legitimate targets". The Libyan National Army released the ship on 10 December, having found no weapons on board. An earlier incident may have fuelled the Haftar camp's distrust of Turkey: on 24 November, a German vessel operating under the umbrella of the EU's Operation Irini, which is tasked with monitoring violations of the UN arms embargo on Libya, had interdicted another Turkish vessel heading to Libya and suspected of carrying military equipment. German marines boarded the ship but had to abort the mission after Ankara intervened diplomatically to prevent the inspection. Under international law, the Irini mission requires tacit consent from a vessel's flag state before it can board the ship for inspections.

The UN considers Turkey's dispatch of military equipment a violation of the arms embargo, but Turkey rejects this, arguing instead that its military support to the Tripoli authorities is legitimate because it is part of a bilateral agreement between two sovereign governments, signed in late 2019 and ratified by the Turkish parliament in early 2020. On this basis, Turkey's President Recep Tayyip Erdoğan submitted to parliament a decree to extend Ankara's direct military support to the Tripoli government, which it approved on 22 December. This decree also renews the deployment of Turkish troops to Libya for another eighteen months, starting from 2 January 2021. UN and Western officials say this is a violation of both the arms embargo and the October ceasefire provisions, but Ankara has held firm in its own interpretation that its actions in the Tripoli-based government's support are legitimate.

Russia also appears eager to consolidate its role in the conflict. In the past, Moscow has denied sponsoring the presence of Russian private contractors or backing any side in the conflict. In early December, however, a number of Western diplomats claimed that Russian officials had become much more straightforward behind closed doors in laying out the Kremlin's

interest in preserving its influence in Libya. These reports chime with remarks from within pro-Haftar ranks, where Russia's apparent unwillingness to cooperate in facilitating the withdrawal of private military contractors has created some unease. It remains unclear why pro-Haftar officers would want to cut back on Russian support, given how reliant they have become on these private military contractors to counterbalance Turkish support to their foes in Tripoli. Interpretations abound, ranging from financial disagreements between Benghazi and Moscow, to an alleged nationalist revival among Libyan military officers, including Haftar-led ones, that would have led them to seek to cut back on Russian support as long as Turkey also pulled its officers and allied Syrian fighters out of Libya. Sources close to the Libyan National Army say officers in that camp had calculated that the October ceasefire agreement would force Russia to order the military contractors' withdrawal, a move they claim they supported if carried out simultaneously with a Turkish withdrawal from Tripoli. But with the latter not occurring, and with Haftar's Russian allies simultaneously becoming more entrenched, the Libyan National Army appears to have few options but to work with what it apparently has come to consider uncomfortable but necessary allies.

Overall, the failure to implement the ceasefire agreement, the military build-up and the inflammatory statements, as well as Turkish and Russian entrenchment, suggest that the conflict could resume, rather than wind down via a political process. Nonetheless, three elements mitigate the immediate risk of a flare-up. First, while keen to consolidate their influence, foreign actors have so far not signalled a desire to ignite a new round of hostilities. Secondly, there is no popular support for a new war, either in Tripoli or the east. Thirdly, there are ongoing steps to resolve the long-running dispute between Qatar and its Gulf neighbours; progress on this front could calm the proxy war in Libya. That said, the longer the ceasefire

terms go unfulfilled and the military build-up continues, the higher the risk that a provocation could prompt a return to fighting.

The Political Deadlock Continues

Stalled political negotiations contribute to the grim outlook. UN-convened talks that were designed to lead to the appointment of a new interim government are on life support. The 75 participants in the Libyan Political Dialogue Forum have been unable to agree on how to select a new three-person Presidency Council and prime minister to run Libya until fresh elections scheduled for December 2021. After weeks of deliberations, they narrowed a list of twelve different voting mechanism proposals down to two options. But when 23 of the 75 delegates boycotted the final session, which was meant to take place in mid-December, the proceedings hit a dead end.

Despite this failure, the UN decided to start preparations for the December 2021 elections. It established a Legal Drafting Committee, a group of eighteen Libyans drawn from the dialogue forum tasked with forging consensus on a legal electoral framework with the help of UN advisers. The absence of a functioning parliament and disputes over the constitutional framework for elections have blocked progress on this matter for years. The committee is supposed to complete its work within 60 days of its creation if parliament, which has been split in two for the past six years, fails to carry out the task, as is likely.

Regardless, the path to elections remains fraught. The decision to move forward with election preparations has given rise to another set of problems that could bog down discussions. First, dialogue forum members who support the appointment of an interim government oppose proceeding with election preparations as long as there is no progress on that front, seeing the two as a single package. Secondly, longstanding disputes over whether a referendum on an existing draft constitution is a precondition for staging elections, in addition

to other controversies related to the constitutional framework, are likely to slow down the legal committee's work.

Progress on the Economy

The past month saw positive breakthroughs on the economic front. On 16 December, five of the Central Bank's seven board members held their first meeting in five years. Since the 2014 political crisis, the board has been divided between supporters of the Tripoli-based governor (part of the internationally recognised government) and partisans of his pro-eastern deputy. The absence of a functioning board entrusted with overseeing the bank's work, approving monetary policy and making top appointments at the bank's subsidiaries has exacerbated Libya's economic woes. Individuals involved in the process have expressed confidence that the board will hold consultations to deal with a range of pending issues. If the board does meet, it would bode well for the chances of the bank's reunification.

A second breakthrough came when the board agreed to devalue the Libyan dinar, fixing a new official exchange rate of 4.48 dinars to the U.S. dollar, starting from early January. The aim is to unify Libya's multiple exchange rate systems. For the past three years, Libya has had: an official rate, used mainly by the government, of 1.4 dinars to the dollar; a commercial rate of 4.9 dinars to the dollar for private businesses able to secure a letter of credit, which only the Central Bank can approve; and

black-market rates ranging from 6 to 8 dinars to the dollar for small businesses unable to get a letter of credit. The board agreed on the reform following considerable public pressure. Government officials also argued that the existing system provided loopholes to a handful of exchange rate differential profiteers, while most Libyans had to rely on the unfavourable black-market rates.

Although the new rate was a positive step, some entrepreneurs have expressed concern that the measure will fall short of improving access to foreign exchange. It is far from certain that the Central Bank will make hard currency available as long as a dispute over oil revenues management remains unresolved; such revenues provide almost all of the country's foreign exchange reserves. At a 14-15 December UN-brokered meeting in Geneva, officials from the Tripoli-based government, National Oil Corporation and the Central Bank's two rival branches, as well as Libyan financial experts, met with U.S., Egyptian, UN and European Union diplomats and World Bank officials to discuss pending banking and budgetary issues. They touched only marginally on the dispute over the allocation of oil revenues and took no decision on this issue. Oil revenues thus remain sitting in a blocked National Oil Corporation account for the time being.