

# LIBYA

## The Forecast, 2018

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#### DOMESTIC POLITICS AND POLICY

Libya's fragmented political scene is unlikely to recover over the next year. The ailing peace process will drag on, with neither the House of Representatives nor the Higher State Council willing to risk walking away or to compromise enough to make progress.

#### Balance of power

The core of the disagreement will continue to focus on where the balance of power should lie and on the role Field Marshall **Khalifa Haftar** should play in Libya's future.

Some concessions may be achieved in this respect over the coming months, with possible deals being struck over how to select appointees to the reworked Presidency Council or to other senior posts - moves that could potentially result in a reworded political agreement.

Implementation will remain challenging, however. Haftar is not going to accept anything less than full control of the military sphere. While his opponents may soften to the point of accepting some role for him in the country's new military

structures, they are not going to hand him all the keys to power.

Until this basic contradiction can be ironed out, the political scene will continue to be disjointed and ineffective. The mooted spring 2018 presidential and parliamentary elections are unlikely to take place at any time over the next 12 months, given the on-going chaos and instability.

In the absence of another solution, the international community may push to convene a comprehensive national conference during 2018, in line with the UN action plan for Libya.

While bringing more actors into the search for peace may yield some positive results, it could backfire. Many Libyans would balk at the inclusion of figures linked to the former regime or to armed groups or militias, but their inclusion would be essential to the success of the conference.

#### Constitutional matters

Agreement over the constitution is also unlikely, even though the Constituent Assembly finalised a draft text in July 2017.

This text is a potential minefield of issues that have yet to be properly addressed, including the status of ethnic minorities, the relationship between the country's three regions, whether the text complies with sharia, and what criteria potential candidates to the presidency and other senior posts must meet.

#### Political progress

Libya will progress politically only if there is a significant shift in the balance of power on the ground, either by one side making significant military gains or by new alliances being struck that would enable one side to dominate.

If Haftar and representatives of Misrata are able to overcome their differences, political agreement would soon follow, but that is still a faint prospect.

#### SECURITY

Localised violence between powerbrokers can be expected to continue, with Derna, the Oil Crescent, and western Libya (particularly around Tripoli) being flashpoints. The south will also be characterised by ongoing violence and lawlessness.

There is a danger that western Libya, especially the areas around the capital, could be plunged into more sustained violence. If Haftar advances west - or pushes too hard to extend his influence by winning over local forces, including Salafist Madkhalist forces in the capital - a backlash is likely. This would be especially strong if Haftar attempted to instigate an uprising within Tripoli along the lines of the popular uprising he orchestrated in Benghazi in 2014.

Such a scenario would also prompt a renewed coming together of revolutionary forces, including many of an Islamist bent, against what they consider to be the forces of counter-revolution.

There are already signs that revolutionary forces are revitalising in Wershefana in a bid to pre-empt any further advances by Haftar.

The Oil Crescent may well soon be subject to further serious conflict given that the remnants of militant groups along with revolutionaries, including from Misrata, are mobilising with the aim of dislodging Haftar.

While Islamic State (IS) has been defeated as a territorial force, its cells will continue to carry out attacks where they can, mainly in central and southern Libya. These cells will seek to target Misratan and other forces that led the campaign to force them out of Sirte. They will also target foreigners and foreign interests where possible.

#### INTERNATIONAL AFFAIRS

#### Regional players

If no international pressure is brought to bear on regional players, they will carry

on stoking the Libyan conflict in their own interests. Egypt and the UAE will support Haftar, while Turkey, and Qatar to a lesser degree, will support his opponents. Algeria and Tunisia will remain neutral and attempt to forge a peaceful solution.

### The international community

The wider international community will persist in backing the UN-led process, not least in the absence of an alternative plan. Without US engagement, Europe will be left to drive the process, though differences in priorities and approach are making that difficult.

Russia, meanwhile, will continue to back Haftar but avoid becoming mired in the crisis.

In light of its issues with illegal migration and energy supply, Italy's keen interest in the Libyan crisis will be sustained, focusing on the west of the country in particular. Other European states, including France, are likely to continue

pressing for the inclusion of Haftar in the peace process.

### ECONOMY

Continuing conflict, repeated disruptions to the energy sector, the absence of a genuine government or economic programme, and the draining of foreign exchange reserves together suggest that the Libyan economy will face difficulties throughout 2018. The situation is aggravated by the ongoing split in the Central Bank and the National Oil Corporation (NOC).

The divisions within national institutions are unlikely to heal, and the Tripoli-based institutions will continue to dominate.

As they have done for some time, ordinary Libyans will face rising prices, falling living standards, late or non-payment of salaries, liquidity problems, and shortages of food and other basic supplies, including medicine.

### ENERGY

Although the energy sector has seen some improvements over recent months - including increased oil production, renewed investor interest, and greater stability in and around the oil export terminals - the sector remains vulnerable to disruptions and stoppages. The Oil Crescent could be particularly badly hit in this respect.

Despite these challenges, the NOC will try to convince IOCs to return and to boost oil production. While the official target of 1.5 million b/d by the end of 2018 is probably too ambitious, production should increase over the coming months if disruptions can be contained.

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# LIBYA FOCUS HAS AN EXCELLENT TRACK RECORD OF PREDICTIONS ON LIBYA

## 12 SEPTEMBER 2015

Predicted that GNA would not be able to impose its authority or to succeed

“It is clear that any new consensus government is not going to have power to succeed where all of its predecessors have failed. Indeed it will not be able to impose its authority over the array of local power brokers including the militias and brigades that are still the main powers on the ground. – [read the full article](#)

## 21 APRIL 2016

Predicted Haftar would not be able to take control of Derna. (He is still trying and failing)

“Haftar has set his sights firmly on Derna and wants it for his next victory but he doesn't have the manpower to be able to take control of the town – [read the full article](#)

## 21 JUNE 2016

Predicted that while IS would not disappear altogether, it would not be able to re-establish itself in a meaningful way despite the ongoing chaos and dire security situation

“While the potency of the IS 'brand' means that the group is unlikely to disappear altogether and that cells may well pop up in other areas of the country, including the south, it will struggle to gain the same kind of traction again, especially now that its currency will have been further weakened by its defeat in Sirte. – [read the full article](#)

## 12 APRIL 2015

Predicted that despite his threats to take over Tripoli (threats he has continued to issue ever since), Haftar does not have the military power to launch any major attack on the capital

“While Haftar's forces may have made gains to the southwest of the capital, they are still nowhere near being able to launch a major ground offensive on Tripoli, let alone having the capacity to overthrow Operation Libya Dawn – [read the full article](#)

## 09 DECEMBER 2015

Predicted IS would not be able to expand in any meaningful way in Libya because of the presence of competing forces and because of Libya's social and tribal fabric

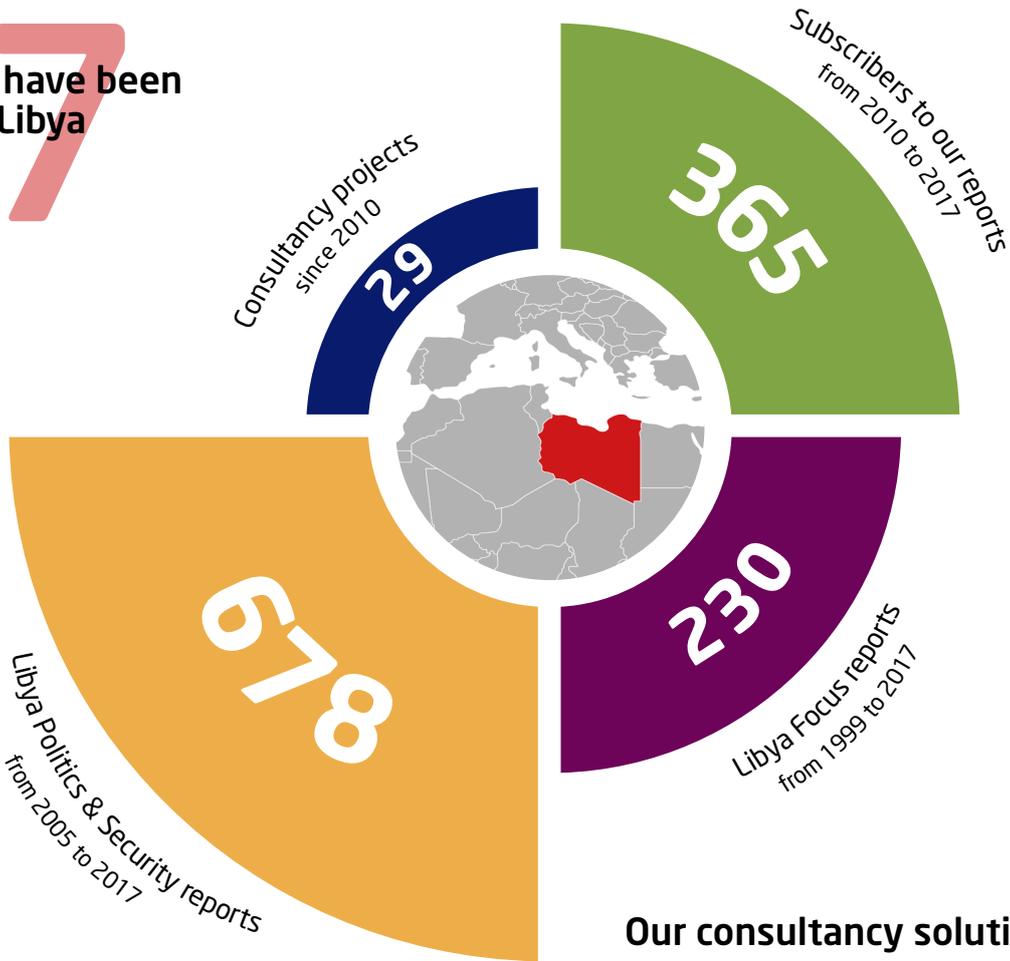
“While IS is certainly well entrenched in particular areas of Libya and undoubtedly needs to be dealt with sooner rather than later in order to prevent it from really taking hold, it is not the power it is being made out to be. The reality is that IS is still struggling to expand in any meaningful way and is still contained by the presence of other local powers, but also by Libya's tribal fabric. – [read the full article](#)

## 20 MAY 2016

Predicted that if Haftar and the House could not be brought on board the peace process, it would risk deepening regional divisions in Libya

“Indeed, while the installation of the National Accord Government is in many ways a positive step, if Haftar and the House cannot be brought on board, it also risks deepening the de facto division that has been in place more or less since the summer of 2014. – [read the full article](#)

**37**  
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