

LIBYA

The Forecast, 2020

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DOMESTIC POLITICS & POLICY

Even if the Berlin process culminates in a conference in mid-January 2020 – that unites domestic and international policy behind a single framework for political reunification – it is unlikely that Libyan government institutions will reunify by the end of 2020. Since April 2019 the Tripoli war has deepened the country's regional and ideological divisions to the point where it will take years of reconciliation to convince important factions of Libyan society to work together.

Furthermore, any agreement reached in Berlin on a transitional governance framework will currently be a 'least common denominator' agreement among fiercely opposed parties to a widening conflict. It will probably be little more than statements of intended reunification rather than an agreement on any concrete action to implement it. Even if Field Marshal **Khalifa Haftar's** international backers such as Russia were to abandon him, he will retain support from a significant proportion of the Libyan population and therefore continue to stymie reunification efforts under any leadership but his own which his main opponents would never accept.

Instead, rival political institutions like the House of Representatives in Tripoli and Tobruk will try to undercut each other's domestic and international legitimacy in 2020, with particular emphasis being on pressing the UN and other multilateral institutions to recognise one side while seeking to divert Libyan wealth to finance their efforts. Libya's weak and divided court system will also be overwhelmed by requests to adjudicate the validity of different legislation enacted by either of the country's two parliaments instead of coping with the massive backlog of criminal and civil cases.

As the international dimension of the expanding Tripoli war grows it is also possible that new domestic policies will have an emphasis on penalising the activities of specific foreign companies in Libya, and blocking dual nationals from political life as xenophobia increases. If Haftar – who is 76 and in poor health – dies in 2020, his death will be a significant blow to the cohesiveness of his Libyan Arab Armed Forces (LAAF) but it would not end the war that he started or the political divisions upon which he has taken advantage.

SECURITY

The war in Tripoli will probably continue well into 2020 despite significant support for Haftar from the UAE, Russia, Egypt, France, and Sudan and new overt military support from Turkey for his enemies. Civilian casualties from the war will increase with the rising number of foreign fighters involved and any shift of the frontlines closer to Tripoli's city centre. In fact, the war will most likely spread in Zawiya, Misrata, Sirte, and the Fezzan region. More international troops could also enter Libya following the Turkish decision to send ground troops in early January, transforming the war and taking its fate largely out of Libyan hands.

Anti-Haftar militias do not have the capacity to launch their own offensive

in Haftar's strongholds in the east. It is possible, however, that there will be temporary partnerships between the western militias and groups forged from the remains of formerly powerful eastern counterweights – such as the Benghazi Defence Force (BDF), Derna Defence Force (DDF), Ansar Al-Sharia, and possibly even remnants of the Islamic State (IS) group. These eastern-based militias could launch a new campaign of assassinations and kidnappings targeting pro-Haftar LAAF commanders.

INTERNATIONAL AFFAIRS

Western states will continue to struggle to respond to the Libyan war while illiberal states – like Russia, Turkey, the UAE, Egypt, and possibly other interested ones like Qatar – seize the initiative to control Libya's fate. Without Western leadership on an alternative, peaceful solution to the conflict, failed Libya policy will be a talking point for politicians – including far-right politicians such as Italy's former interior minister **Matteo Salvini** and French presidential hopeful **Marine Le Pen** – to undermine European leadership. European opposition to Turkey's Libyan policy – including the late 2019 signing of a MoU in which the Tripoli-based Government of National Accord (GNA) recognised Turkey's disputed claims in the central Mediterranean – and the 2 January decision by the Turkish parliament to support military intervention in Libya, could provoke Turkish President **Recep Tayyip Erdoğan** to unleash a new wave of Syrian migrants on Europe.

As noted above, prospects for the Berlin conference and broader Berlin process are bleak, and especially if Russia and Turkey are able to sustain a new partnership on Libya policy. It is also possible that the International Criminal Court (ICC) will hand down a new round of indictments against suspected Libyan war criminals which would be partially based on evidence in the latest UN Security Council's Sanction

Committee Panel of Experts report. Russian influence in Libya will probably increase in 2020 as the presence of Wagner Group mercenaries demonstrated the powershifting-potential of Russian assets in the conflict. This influence will likely stand in stark contrast to US disengagement from Libya – and the Maghreb and Sahel regions more generally – and the increasing irrelevance of the EU as a multilateral partner in Libya in the face of the rising importance of bilateral, European relationships with various Libyan governments.

ECONOMY

As the war drags on, it is also possible that war fatigue will settle in on foreign patrons of different factions, tempting the latter to try to print currency through rival central banks to continue to finance their own war activities. This could revive the liquidity crisis. The war economy will also continue to boom in 2020 with side effects possibly including: more reports of human rights abuses against migrants, refugees, and internally displaced persons (IDPs); skirmishes between smugglers and border police along Libya's borders with Tunisia and Algeria in particular; and an increased likelihood that this once cash-rich country may need to go to the International Monetary Fund (IMF) for a loan in 2020.

It is still likely, however, that much of Libya's frozen assets managed by the Libyan Investment Authority (LIA) will remain frozen and unspent, albeit vulnerable to corrupt managers. Pockets of stability in Libya could provide opportunities for entrenched economic diversification efforts, and especially by entrepreneurs addressing unique needs of populations mired in protracted conflicts. With increasing numbers of Libya's wealthiest citizens and their money protected overseas, the investment in such endeavours will probably continue in 2020.

ENERGY

It is possible that National Oil Corporation (NOC) chairman **Mustafa Sanalla** will be able to make some progress toward the 2024 goal of increasing oil production above 2.0 million b/d. It is also likely, however, that the spreading war will cripple the oil industry, leading to a larger collapse in production than the country has experienced since before 2016. In this case, the magnitude of foreign investment required to re-build the sector and reach Sanalla's 2024 goal will significantly increase. If one faction appears to be on the verge of losing control of the country, it is also possible that it will sabotage the energy industry in order to prevent its enemies from benefiting financially

from the sector, or from gaining support from the local population by implementing costly reconstruction projects and improving basic services.

At particular risk of attack in 2020 are the large oil fields in the Murzuq Basin and the Oil Crescent, as well as the pipeline connecting the former to Zawiyah's refinery and export terminal. Other infrastructure associated with the NOC and its subsidiaries in urban areas such as Tripoli will continue to be vulnerable to war damage, and the corporation's employees could face an increased risk of kidnapping as control of the country's oil wealth because increasingly valuable for different factions.

OTHER INDUSTRY

As the weather gets hotter and the electricity grid comes under renewed strain with residents and IDPs living in densely populated urban areas, the General Electricity Company of Libya (GECOL) will need to explore new ways to meet electricity demand in 2020. Because oil production has been relatively stable despite the ongoing war, there may be funding available for the GNA to invest in new partnerships with international firms and governments to build out and possibly diversify the electricity grid and power sources.

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