



A LIBYAN MOSQUE

Keeping the state out of religion: Libyans defiant over Eid dispute

The Libyan regime faced an unexpected challenge this month as Libyans defied the authorities and refused to celebrate Eid on the day that had been officially decreed.

According to the Libyan Centre for Remote Sensing and Space Science, the official body responsible for calculating the dates of such religious occasions, Eid Al-Adha would begin this year on Thursday, 28 November, one day before the rest of the Islamic world. In an unprecedented show of mass defiance Libyans refused to attend the mosque on that day, choosing instead to begin their celebrations the following day.

Where things Islamic are concerned, there is no room for compromise.

Although Libya usually celebrates Eid Al-Fitr, the Eid that comes at the end of Ramadan, on a different day from other Arab countries, this is the first time that the regime has tried to get people to mark Eid Al-Adha at a different time. The dates of both festivals are determined by the lunar calendar but Eid Al-Fitr is less controversial in this respect, as it is often celebrated at different times in different countries depending on the first sighting of the moon.

However, Eid Al-Adha is usually celebrated on the same date across the Islamic world because it is linked to the Hajj in Saudi Arabia. As part of the Hajj, on the evening of the ninth day of the Islamic month of Thi Alhaja, pilgrims go to stand on Mount Arafat that overlooks Mecca. Eid

Al-Adha then begins on the following day, the tenth day of Thi Alhaja.

As such, the timing of Eid Al-Adha is determined by Saudi Arabia and the rest of the Islamic world follows suit. This year, Saudi Arabia set Friday, 29 November as the start of Eid.

The decision to announce Eid one day early was therefore a highly provocative gesture that set Libya apart from the rest of the Islamic world. In a society as conscious of Islam, the Libyan regime should certainly have guessed what the consequences of such a move would be.

In fact, earlier in the year some Libyan scholars were already agitating about the fact that Libya

celebrates Eid Al-Fitr on a different day from most other Arab countries.

As *Libya Focus* reported in September 2009, some members of the Iftar Committee objected to the regime's decision to start this year's Eid Al-Fitr one day before the rest of the Sunni Islamic world and to the fact that such a religious date was being determined by the Remote Sensing Centre. Objections this time around should therefore not have come as a surprise.

Passive resistance

Going by the Centre for Remote Sensing and Space Science's calculation, the General People's Committee had declared a public holiday from Wednesday until Saturday. However, >>>

Policy focus

- > Libyans defiant over Eid dispute
- > Saif steps in
- > Genie out of the bottle?

Politics & society

5

- > Opposition to Saif al-Islam
- > Abu Slim families face challenge
- > Society briefs

International affairs

7

- > Swiss pair convicted
- > Geopolitical news in brief

Energy industry

8

- > Ghanem delays increases
- > Examining energy alternatives
- > Verenex sale finalised
- > Hess tests discovery
- > Exploration with Tunisia
- > Turkey wants Libyan crude

Business environment

9

- > ESDF flexes its muscles
- > Leading edge broadband

Menas Associates

Libya Focus is published monthly
Sold by subscription only
Produced by Menas Associates staff

Managing Director: Charles Gurdon
Marketing Manager: Judy Hubbard
Production Editor: Blakeley Words+Pictures

ISSN 1477-2434
© 2009 All rights reserved

Menas Associates Ltd
16 - 19 Southampton Place
London
WC1A 2AJ
United Kingdom

+44 (0)207.745.7190 Phone
+44 (0)207.745.7101 Fax

info@menas.co.uk
www.menas.co.uk

Copyright

All information contained in this publication is copyrighted in the name of Menas Associates Ltd and as such no part of this publication may be reproduced, repackaged, redistributed, resold in whole or in any part, or used in any form or any means graphic, electronic or mechanical, including photocopying, recording, taping, or by information storage or retrieval, or by any other means, without the express written consent of the publisher.

Disclaimer

Menas Associates Ltd cannot ensure against or be held responsible for inaccuracies. To the full extent permissible by law Menas Associates Ltd shall have no liability for any damage or loss (including, without limitation, financial loss, loss of profits, loss of business or any indirect or consequential loss), however it arises, resulting from the use of any material appearing in this publication or from any action or decision taken as a result of using the publication.

most Libyans expected Eid to be declared on Friday, along with the rest of the Islamic world. It therefore came as a shock when at 2 a.m. on Thursday morning, an announcement appeared at the bottom of the screen on the Al-Jamahiriya television channel declaring that Thursday was the first day of Eid.

One Libyan imam, **Sheikh Al-Sadeq Bin Abdelrahman Al-Ghiriani**, summarised the feeling in Libya when he stated, 'We didn't know the source of this announcement or who was behind it. We were shocked.'

The announcement was followed by an official declaration by the Al-Awqaf (Religious Affairs Committee) affirming that it had received orders that Eid would begin on the Thursday and that Eid prayers would be broadcast live from the Moulay Mohamed mosque in Tripoli.

In anticipation of the public reaction, Libyan officials took steps to ensure that the population were celebrating on the day that had been decreed by the official organs of the state.

Ibrahim Abdelsalam Al-Qadhafi, the head of the Al-Awqaf, contacted his representatives in various regions and told them they should hold Eid prayers on Thursday and should encourage people to attend the mosque on that day.

The Al-Awqaf in Benghazi, meanwhile, sent

representatives to the city's mosques to inform them that they had to perform Eid prayers on Thursday and were not permitted to do so on Friday.

However, as Thursday unfolded Libyans made their objections to this bid to tamper with religion abundantly clear. In a show of mass public defiance, they stayed away from the mosque and carried on as though Thursday were just a normal day. Most of the country's 5,000 mosques closed their doors on Thursday and those that were open were attended by only a handful of people.

According to some reports, many who did attend were foreign workers. Meanwhile, shops were open for business and in Bani Walid the meat market stayed open all day in order to sell people animals for slaughter on the Friday, a religious duty that has to be performed on the first day of Eid Al-Adha.

Al-Jazeera.net reported that it had been unable to find any manifestation of Eid at all in Benghazi on the Thursday. Similar stories emerged across the country.

Libyans exchanged text messages and phone calls recounting the latest jokes about when Eid was to be held. One doing the rounds was that a lamb was shedding tears because he was

puzzled about whether Eid was going to fall on Thursday or Friday.

Aware of the beast it had unleashed, the regime moved swiftly to ensure that Friday did not turn into a day of challenge and unrest. The authorities closed all the mosques, including the Misran mosque, the largest in Tripoli, and there was a heavy police presence in all the major cities.

This was a rather extreme move on the part of the state, as few Arab regimes would dare to go as far as to close mosques and prevent people from praying on what is considered to be one of the holiest days in the Islamic calendar. Yet the regime was clearly sufficiently concerned to take this step and had decided to put its foot down.

However, in what can only be described as a form of passive resistance, the Libyans defied the state and carried on as if Friday was the first day of Eid. Mosques that flouted the ban and opened their doors were overcrowded, and in a real challenge to the state people also prayed in the open in public squares that were overflowing with worshippers. People also slaughtered their animals on Friday.

Al-Watan al-Libeya reported before Eid, 'Most Libyan families confirmed to *Al-Watan* that they will slaughter on Friday even if the state has declared that Eid is on Thursday.' >>>



CHATHAM HOUSE

Prospects for Middle East and North Africa Energy
1 and 2 February, 2010: London

Such a large display of public rebelliousness was one thing, but the state also had to contend with a more troubling act of defiance: the refusal of the country's traditional religious establishment to toe the line.

The country's sheikhs and religious scholars were vociferous in their objection to the state's interference. Many imams refused to carry out Eid prayers on the Thursday and did so on Friday instead. Some went as far as to issue *fatwas* against the state's ruling.

Libyan **Sheikh Ahmed Al-Qatani**, for example, announced that Libyans should go against the Libyan authorities and issued a *fatwa* declaring that anyone who had slaughtered their meat on Thursday would not be meeting their religious obligations. Such a ruling would not be taken lightly by Libyans given the religious importance of this ritual, the respect accorded to figures such as Al-Qatani, and the spiralling cost of meat, especially lamb, which makes buying at this time of year a struggle for many families.

Al-Qatani's *fatwa* also asserted that if people were unable to pray en masse (usual practice for occasions such as Eid), then they could pray as individuals without having to hear the customary *khoutba* (sermon). Al-Qatani also told the London-based *Al-Sharq al-Awsat* newspaper that holding Eid on Thursday would be an irreligious move, and he boldly exclaimed, 'I will celebrate on Friday and what happens will happen.'

Another scholar, **Ounis Al-Fessi**, also issued a *fatwa* ruling that Libya should not go against the timing of the pilgrimage to the Arafat Mountain unless there was a major miscalculation on

the part of Saudi Arabia. **Sheikh Al-Sadeq Bin Abdelrahman Al-Ghiriani** meanwhile insisted that the timing of Eid should be left to Islamic scholars, a view supported by a professor of *sharia* (Islamic law) in Gar Younis University.

A number of Islamic personalities went as far as to send a letter to the head of the Islamic League asking that he request the Libyan authorities to open mosques on Friday.

The state responds

With such an open and shocking challenge to its authority, the regime responded decisively, making its complete intolerance to such insubordination more than clear. The General Committee of Awqaf in Benghazi listed all the imams who had performed Eid prayers on Friday and then referred them to the General Committee of Awqaf in Tripoli.

On 1 December this committee expelled 16 imams from Benghazi and its suburbs because they had held Eid prayers on Friday, although some sources have claimed that the number of those pushed out was more like 33 and included mosque speakers and imams.

Libyan leader Colonel Muammar Qadhafi also took it upon himself to wade into the debate. Brother leader gave his full support to the Centre for Remote Sensing and Space Science, declaring that they are the ones who know the timing of the moon and the lunar months.

With the backing of science, Qadhafi reiterated the centre's precise calculations, which he claimed were 100 per cent accurate and reminded Libyans that the timing of the

appearance of the moon each month is different from one country to another.

Qadhafi has never been one to shy away from controversial statements related to Islamic matters. In the mid-1990s he memorably described the **Muslim Brotherhood** as comprising 'hooligans, liars, bastards, hashish smokers, drunks, cowards, delinquents.'

Similarly, in one of his short stories, he mocked contemporary Islamic scholars, writing, 'If we were to believe in what the parties of the God coalition say, there is no need for our children to go to schools, higher technical institutes or the Bright Star University of Technology ... Rather, let them out in the open air on sidewalks selling cigarettes and cakes to adults ... The only important thing is to learn the prayers.'

This time, in words that would be considered as shocking to many Muslims, the Leader declared, 'Whoever stood on Arafat, we have nothing to do with him. That is a different area. They put their timing as they wish. Whether you are right or wrong is known only by Allah. What linked us here in Libya to standing on Arafat? We don't have a mountain called Arafat.'

He went on to assert that those who had stood on Mount Arafat on Thursday and those who had slaughtered their animals on Friday had done so on the wrong day and that this was 'scientifically certain.' Brother leader was using the opportunity to have yet another dig at his old rival, Saudi Arabia, by implying that it had made a grave mistake on an important religious occasion.

It is often challenging to fathom exactly what is

driving Qadhafi's decisions, but it is particularly difficult to understand why he chose to take such a contrary stance over an issue that is so basic to people's faith. It may be that he considers himself an intellectual and that he has invested a lot of effort in recent years to act as leader of Islam in Africa and is therefore seeking to create a religious centre that can rival Saudi Arabia.

If this is the case, then Brother Leader is doomed to yet another resounding failure.

Whatever his reasoning, Qadhafi should have known that his scientific logic could not compete with religious tradition. Indeed, the Colonel's stance on this issue demonstrates the gaping chasm between his views and those of the majority of the Libyan population.

Brother leader's progressive and quirky views have never sat comfortably with Libya's deeply conservative population, and the Leader's willingness to play around with what are considered to be the very fundamentals of the Islamic faith can only have widened this gap.

It seems that the regime has not learned that in spite of its power, there are certain lines that even it cannot cross. Regardless of the regime's ideology, no one can come between the people and Islam.

Saif steps in

As is increasingly the case in Libya these days it was left for **Saif al-Islam** to step in and sort things out. Since the young Qadhafi's return >>>

to the public arena and his father's announcement that he should take responsibility for the country's internal affairs, Saif al-Islam has come to take on the role of fixer.

One Libyan source told *Libya Focus* that as soon as anyone in Libya has a problem, they write a letter to Saif al-Islam asking for help. This Eid debacle was no exception.

The sheikhs and preachers who were expelled from their positions immediately sent Saif al-Islam a letter asking for him to reinstate them in their jobs. Saif al-Islam proved more than willing to oblige and contacted **Ibrahim Abdelsalam Al-Qadhafi** to try to resolve the matter.

The General Al-Awqaf Committee had little choice other than to back down. In fact, they backtracked. Ibrahim Abdelsalam Al-Qadhafi told Saif al-Islam that in fact the committee had not actually expelled any imams from their jobs: 'I told Saif al-Islam that there is no need for any irritation or misunderstanding because we in the General Committee of Awqaf follow things closely and we don't allow any injustice to happen to anyone. I confirm to him that the committee respects all imams, preachers and sheikhs who co-operate with us and who work for us and we don't allow them to be mistreated, for whatever reason.'

As far as these religious figures were concerned this denial only added fuel to the fire. In audacious terms, suggesting he had been emboldened by Saif al-Islam's support, **Sheikh Abdelathim al-Ferawi**, the imam of a mosque in Benghazi said, 'I condemn the stance of the Al-Awqaf and their disowning their decision to

expel us ... They have to admit that they issued that decision.'

The Al-Awqaf's denial hit a particularly raw nerve, as it was tantamount to accusing these religious figures of lying. As **Dr Issam Al-Salabi**, the spokesperson of the expelled sheikhs, told *Libya Al-Youm*, 'Sheikhs don't lie. They are the safety valve of the society.'

Similarly another imam indignantly stated, 'We don't lie. They informed us of the expulsion. Why don't they say it clearly that they went back on their decision as a result of the intervention of Saif al-Islam?'

Genie out of the bottle?

The fact that **Saif al-Islam** stepped in to assist this group of religious figures who had defied the ruling of the authorities is perhaps somewhat surprising. Yet the young Qadhafi has been working to consolidate his relations with the country's Islamic scholars, especially over the past couple of years, presumably because he is well aware that they hold the keys to popular support in Libya.

Within the spirit of reform, Saif al-Islam has allowed the country's scholars and sheikhs, long sidelined by his father, to preach and give lectures both in mosques and on television, something that was banned for many years.

He has also of course worked for the release of the country's Islamist prisoners and has championed the cause of Libyan scholar **Dr Ali**

Al-Salabi, whom he brought into the Abu Slim prison to engage in theological debate with members of the Libyan Islamic Fighting Group.

Once a controversial figure, not least because he had authored a book on the Senussi - the Sunni revivalist order linked to the former Libyan monarchy - Al-Salabi is now on the committee of the **Qadhafi Development Foundation** and is becoming an increasingly prominent public figure.

Saif al-Islam's approach has certainly been successful and his willingness to support these figures has won him praise from many Libyans, including from some parts of the opposition abroad.

To be seen to be supporting these scholars and sheikhs and former Islamist prisoners is a sure way to gain the approval of the masses. It is also a means to gain the support of elements that could potentially challenge the state.

Dr Al-Salabi commented this month on how former members of the Muslim Brotherhood in Libya are giving their full support to Saif al-Islam's Libya Tomorrow project, noting that they are even willing to be part of it.

Similarly, **LIFG** leaders (who are humiliatingly still in prison despite issuing their revisions in August) have also declared their support for Saif al-Islam. This month, these leaders thanked him for his efforts and expressed their hope that he could finish the job in order for them to be released in order to be 'free to take part in building Libya Tomorrow.'

In a recent comment, Dr Al-Salabi almost

equated Saif al-Islam's reform project with the will of Allah: 'Regardless of the hindrances and challenges that are before Dr Saif, with Allah's permission the future is for reform.'

Given the enormous influence that figures such as Al-Salabi have with the Libyan public, such an endorsement is clearly worth its weight in gold for the would-be leader. Presumably it also sits rather well with his declaration back in August that his ability to bring convicted Lockerbie bomber **Abdelbasset Al-Meghrahi** home was a sign from Allah that he was on the right path.

Yet Saif al-Islam's approach is potentially risky. In a country as conservative as Libya, these religious figures could come to have a major influence that would far outweigh that of the regime.

Qadhafi senior was all too well aware of the potential dangers of such elements. It was for this reason that shortly after coming to power, he dismantled the traditional religious establishment. To prevent them from creating any alternative power base, he took a series of steps to undermine their authority such as abolishing religiously endowed property under law 16 of March 1973.

Any religious figure who has tried to put his head above the parapet since then has been brutally crushed. The highly popular **Sheikh Al-Bishti**, the imam of Tripoli, who was appointed by **King Idris** before the revolution, is one such example. He was the first public figure to articulate the idea that Qadhafi's rule was not legitimate in the eyes of Islam. In 1980, Al-Bishti was taken from the Al-Qasar mosque and later died in prison. >>>

By letting the genie out of the bottle, Saif al-Islam is playing a potentially dangerous game. Religious figures are already taking advantage of the space they have been given and pushing hard to expand their influence.

They flexed their muscles back in September when they challenged the date of Eid Al-Fitr. **Sheikh Abu Faris** appeared on Libyan television at the time and declared that the Centre for Remote Sensing and Space Science should not be deciding the date of Eid and that Libyans should not start to celebrate until the rest of the Sunni Islamic world did so.

In addition, as *Libya Focus* reported last month Dr Ali Al-Salabi recently issued a *fatwa* decreeing that the term *zinadiqa*, or heretic, should not be used to describe Islamists. Using a religious ruling to override the term that Qadhafi himself has always used in this way was certainly a pointed challenge to the highest authority in the country.

Dr Al-Salabi is coming dangerously close to becoming a personality in his own right, as evidenced this month by the fact that although he was present at a high-profile meeting of the **Qadhafi Development Foundation** committee, his name was not mentioned by the Libyan media.

And **Sheikh Al-Qatani** went as far as to warn that unless the job of deciding such timings as Eid was given to a religious committee, society would become divided. He declared, 'We need to unite to bring all Muslims to one view. We Muslims have nothing in common other than Al-Qibla [the direction of Mecca] and Al-Adha [Eid al-Adha], while we differ over Eid al-Fitr. Can

it be that even in Al-Adha, we [Libyans] differ from other Muslims?'

Sheikh Al-Sadeq Bin Abdelrahman Al-Ghiriani, meanwhile, declared, 'Every innovation is misleading.' Such sentiment is strongly reminiscent of Salafist doctrine, which is growing across North Africa and tends to be associated with the strict Islamist ideology of Saudi Arabia.

Since these religious figures have been able to express themselves in the public domain they have come to be highly respected in Libya. They are trusted in a way that the regime, including Saif al-Islam, could never be. Thus they represent a potentially powerful force that if not kept in check could create trouble for the regime in the longer term.

Indeed, part of the public anger that manifested itself in the various Islamist opposition groups that emerged in the 1980s and 1990s was because of Qadhafi's heterodox religious views. Brother Leader was dubbed by these groups as 'Pharaoh.'

Saif al-Islam has the support of these religious figures at the moment, but were they to become sufficiently empowered it would not take much for them to pose a real challenge to the state, especially in the troubled east, which has always been a bastion of religiosity and rebellion.

Once started, such momentum may prove difficult to stop.

www.menas.co.uk

POLITICS & SOCIETY

Opposition to Saif al-Islam

In spite of the resounding endorsement that Qadhafi senior gave to Saif al-Islam when he declared that his son should be made responsible for internal affairs, forces are clearly still at work to scupper some of the younger Qadhafi's more controversial reform efforts. For all the hype surrounding Saif al-Islam since the announcement, some of his initiatives are still considered a step too far for some within the regime.

This was certainly the case this month, when Saif al-Islam took the extraordinary step of arranging for **Human Rights Watch** to launch its latest Libya report, titled *Truth and Justice Can't Wait*, at a press conference in Tripoli.

Not only that, the his charity, the **Qadhafi Development Foundation**, also released its own human rights report at the same time. The charity's report made it clear that human rights abuses were ongoing in the Jamahiriya, and in particular it criticised the State Security Court and called for it to be dismantled.

Unsurprisingly, the Human Rights Watch report was also highly condemnatory. Though it acknowledged that there had been some progress in freedom of expression, it accused Libya's internal security services of operating outside of the law and of still being 'responsible for systematic violations of Libyan rights, including the detention of political prisoners, enforced disappearances, and deaths in custody.'



SAIF AL-ISLAM

The press conference was all the more extraordinary because Libyans whose relatives had suffered at the hands of such agencies were able to participate and tell their stories. One Libyan recounted how he and his family had taken food and clothing to his brother in the Abu Slim prison for 14 years but had recently learned that his brother had died earlier and that the guards were simply taking their gifts for themselves.

Such overt criticism of the state, especially that encouraged by a Western institution, was clearly too much for some of the more hard-line elements in the regime. It was reported that the security services had acted early to prevent some of the victims' relatives from even travelling to the event from Benghazi.

It was also reported that undercover members of the security services were in the audience at the event taking photographs of attendees.

Things got so bad that the whole event was brought to an abrupt halt after security agents in the audience began denouncing the speakers and accusing Human Rights Watch of sowing division in Libyan society while ignoring human rights abuses carried out by Israel and the >>>

United States. They also demanded that the NGO leave the country.

Saif al-Islam wasn't bargaining for such a knee-jerk reaction. The whole event turned into something of an embarrassment that very clearly demonstrated that for all the hype, his hands are still tied.

Abu Slim families face challenge

The families of the Abu Slim massacre victims faced an unexpected challenge this month. Their regular Saturday demonstration in front of the Social People's Leadership in Benghazi was disrupted on 19 December by the presence of groups of families of members of the security services who had been killed by Islamist militants during the 1990s.

According to one of the lawyers representing the families of the victims, **Fathi Trayl**, the security services families began attacking his clients. He told *Libya al-Youm*, 'The families of the security men started insulting them and accused them of being *zinadiqa* [heretics] who had killed their children.' These families also condemned the Social People's Leadership for assisting the families of those Islamist groups who had committed violence.

The families, which have now formed their own association called **In Order Not to Forget**, delivered a letter to **Ayad Al-Anzi**, the coordinator of the Social People's Leadership in Benghazi. It asserts, 'We are an extension of our sons

and our fathers who were killed. We will take revenge for the blood of every martyr.'

These security families also joined the throngs looking to Saif al-Islam to solve their problems. They called on the **Qadhafi Development Foundation** to pay attention to their situation rather than 'looking after the extremists.'

One family member whose brother had died at the hands of the Islamists told the *Corina* newspaper that his brother had been a police officer and that one night an armed group descended on the police centre in Al-Sabri, where he was working, and fired at him and his colleagues, killing them instantly.

According to him, after seven years the state told his family that they would receive financial compensation. They also received a further 70,000 dinars from the Qadhafi charity.

However, these families are clearly angered at the attention that the Abu Slim families are getting while their own suffering is being ignored. They declared their intention to continue demonstrating until this is acknowledged.

It is not clear whether the presence of these security families was orchestrated by the security services, which are desperately trying to find a way to resolve the Abu Slim issue without having to meet the families' demands to be told the truth about how their relatives died. The regime has certainly flagged the issue of members of the security services who died in relation to the Abu Slim case.

Back in September, the investigative committee

Society briefs

A new Sandhurst graduate

Mohamed Al-Humaidi, the son of key regime figure **Khuwayldi Al-Humaidi**, did his father proud this month when he graduated from the Sandhurst military academy in the UK. Mohamed followed the 48-week army officers' course, at a reported cost of £105,000.

According to some reports at the graduation ceremony, known as the Sovereign's Parade, Khuwayldi Al-Humaidi handed out leaflets praising Muammar Qadhafi.

Khuwayldi Al-Humaidi (b. 1944), is commander-in-chief of the People's Militia (or People's Resistance Forces, *quwwat al-muqawama al-shabiya*) and a major figure in the regime. He has close ties to Qadhafi that have been cemented through marriage. One daughter is married to **Saadi Qadhafi**, who, in turn, is a good friend of Al-Humaidi's other son, **Khaled**.

Italian hotel sues Saadi

It seems that Libya's recent quarrel with Switzerland has not prevented a hotel in Italy

that was set up to look into the massacre declared that 200 guards had been killed in the unrest, suggesting that the regime is keen to amplify this part of the case and thus discredit the prisoners who were killed.

Regardless of whether the event had been orchestrated or not, the presence of the security families must have been a very



SANDHURST MILITARY ACADEMY

from announcing that it intends to go to court over the alleged non-payment of a bill by **Saadi Qadhafi**. The outstanding bill is said to be €300,000.

Qadhafi Charity meeting

Whatever the response to **Saif al-Islam** inside Libya, the Leader's son proved this month that he is capable of bringing the great and the good to the Jamahiriya. In December the **Qadhafi Development Foundation** held the first meeting of its Council of Secretaries. Among those in attendance at the opening ceremony were American intellectual **Benjamin Barber**, the Nobel Prize winner in medicine **Richard Robert**, the former speaker of the Philippine parliament **Jose de Venecia**, and the Peruvian economist **Hernando de Soto**.

Such an endorsement from these international figures will certainly give a boost not only to the charity but also to Saif al-Islam himself.

welcome development. The security services will certainly be hoping that their presence will go some way to stem the momentum that has developed around the Abu Slim families.

The issue is proving to be a major headache for the regime, especially now that their case has been taken up by international human rights NGOs.

Swiss pair convicted

Libya has once again demonstrated its determination to make the Swiss pay a heavy price for having humiliated **Hannibal Qadhafi** in July last year.

Two Swiss nationals, **Max Goeldi** and **Rasheed Hamdani**, have been prohibited from leaving Libya since the Hannibal affair erupted. At the beginning of December, they were convicted on charges of immigration offences and each sentenced to sixteen months in prison. They were also fined 2,000 dinars each.

Although it was reported that the men had been taken away to serve their sentences after the trial, the Swiss Foreign Ministry revealed that they are still in the embassy. Both men are appealing the conviction.

As if this wasn't enough, the two men are also to be tried for illegal business activities. These trials were due to be held on 19 and 20 December. However, at the last moment Goeldi's hearing was postponed until 2 January. As of 20 December there was no news of Hamdan's trial.

It looks as though the Libyans are determined to drag the process out. Given the politicisation of this case, there is little hope that the two men will receive anything resembling a fair trial. **Amnesty International** has already criticised the Libyan authorities and is alleging that the defendants have not received written notification of the charges and therefore are unable to prepare their defence.

In fact, it is not clear exactly what the charges are, as Libyan officials have given differing accounts. Some officials have been quoted as saying that they will be tried for failure to comply with Libya's business laws; others have said that the pair will face charges of tax evasion.

Further deterioration in Libyan-Swiss relations is more than likely.

Meanwhile, the United Nations High Commissioner for Human Rights, **Navi Pillay**, waded into the debate this month by calling for the release of the two men, describing Tripoli's treatment of them as 'unfair.' Libya is unlikely to heed such calls in light of what the regime considers to be the enormity of the offence.

Saif can't soothe the waters

Even **Saif al-Islam**, who is usually parachuted in to resolve these large-scale international crises and who memorably helped sort out the case of the Bulgarian medics and that of convicted Lockerbie bomber **Abdelbasset Al-Meghrahi**, has been noticeably absent in this affair.

Although it was believed that Saif al-Islam had brought about a rapprochement with the Swiss following his meeting with Swiss Foreign Minister **Micheline Calmy-Rey** during his visit to the country for the annual World Economic Forum at Davos in February this year, there has been no other public indication that he has been helping to resolve the case.

It is reported that Saif al-Islam has not been invited to the upcoming Davos summit on account of the dispute.

Geopolitical news in brief

Libyan award for Mugabe

Libya has awarded Zimbabwean President **Robert Mugabe** a special medal to mark this year's 40th anniversary of the revolution. The medal was presented to the Zimbabwean leader by the new Libyan ambassador to the country, **Taher Al-Megrahi**, when he presented his credentials in Harare.

According to Libya, the medal signifies Mugabe's efforts to bring peace, justice, and equality to the world.

Co-operation with Belarus

In a sign of the strengthening of bilateral ties between the two states, Libya signed a defence co-operation protocol with Belarus this month. The protocol was signed by Lieutenant-General **Abu Baker Younis Jaber** and by Belarusian Defence Minister **General Yuri Zhadobin**.

And with Ukraine

Libya signed a memorandum with Ukraine in November that includes provision for strengthening co-operation in defence and security issues.

The memorandum came following a meeting in Tripoli between **Mu'atassim Qadhafi**, in his capacity as national security adviser, and the secretary of the National Security and Defence Council of Ukraine, **Raéssa Bogatyreva**.

No place in paradise

Colonel Qadhafi made another public attack on the Swiss this month. Following the country's controversial November referendum in favour of banning mosque minarets, the Libyan leader laid into Switzerland, referring to it as a 'fabricated entity' that was 'the mafia of the world.'

He declared, 'We don't want Switzerland to be Muslim because we don't want them to go to paradise ... We would like them to continue in their paganism, we would like them to continue worshipping the cross which is pagan worship ... We are not keen on the Swiss and those who are with them entering paradise. We don't want them to be Muslims.'

Brother Leader also took the opportunity to lay into the West more widely. With no holds barred, the Colonel announced, 'We see the West and we say that it is advanced but we don't say that it is civilised ... The progress they achieved is astonishing, but on the other hand they are at zero on the humanitarian front. From a social aspect they are nothing.'

Their lives have no value. We can compare them to animals ... This is evidenced by the fact that they created technology that eliminates humanity ... They are the ones who created atomic weapons, chemical weapons, germ weapons, the AIDS virus, and the virus they talk about now, the swine flu, which was manufactured in their labs.'

Clearly, despite Libya's rehabilitation, the Colonel hasn't lost his flair for lambasting the West in the most colourful language.


Ghanem delays increases

Just two months after the General People's Committee (GPC), announced a comprehensive plan for increasing output to 2.3 million b/d by 2013, including a detailed investment schedule, **National Oil Corporation (NOC)** chair **Dr Shukri Ghanem** has announced a revised timetable for hitting long-term production targets and implied that more finance will be required.

An earlier plan to increase production to 3 million b/d has been put back from 2012 to 2017 'because of the market conditions, as well as budget constraints,' says Ghanem. He also emphasised that NOC needed 'more budget allocations' to hit the new target.

In Doha for the meeting of the **Gas Exporting Countries Forum**, Ghanem told Reuters that no licensing rounds are currently planned and that NOC would focus on development of fields in the coming year.

'Our effort now is to develop what we have, rather than trying to find more new oil,' he said, adding that another round was possible, probably in more than a year. 'When you see that demand in the world is enough to absorb the available or excess capacity, then we will move,' he said.



Scenario planning >>>

Examining energy alternatives

The General People's Committee (GPC) has directed the **Supreme Council for Energy Affairs (SCEA)** to establish the necessary strategy for the generation and increase of energy from different natural resources and the costs and benefits of various alternatives.

At its 9 December meeting, the GPC also directed the **Atomic Energy Organisation (AEO)** to negotiate offers from relevant international companies and to study offers related to the use of nuclear energy in the production of electricity and desalination of sea water.

The SCEA was created in October, during the absence of **National Oil Corporation (NOC)** chair **Dr Shukri Ghanem**, to replace the **Supreme Council for Oil and Gas Affairs (Scoga)**. It appeared to lay the ground for greater GPC control over the energy sector (*Libya Focus*, October 2009, 10).

Following Ghanem's return to the head of NOC, analysts have speculated that the GPC will have to withdraw from its ambition to exert authority over the oil and gas sector. This is the first indication that the council still functions and that it will still play an active role in the wider energy sector.

One of the long-awaited changes to energy policy that could be enacted under the new committee is a move toward developing independent power projects (IPPs). The potential of using this financial model to bring in a private

partner to invest in new generation has been discussed for at least two years as a solution to the difficulties of the **General Electric Company of Libya (Gecol)** in obtaining budget funding for projects.

According to a recent report in the **MEES** oil industry newsletter, the subject is back on the agenda: 'Libya's IPP is expected to be a bilateral transaction, where the incumbent generator will sell off certain assets, alongside which new capacity will be added.' Frustratingly, there are still no details.

Verenex sale finalised

The sale of Canada's **Verenex Energy** to the **Libyan Investment Authority (LIA)** was closed on 21 December as *Libya Focus* was going to press. On 11 December, 99.95 per cent of shareholders agreed to the LIA's \$299 million offer, which has since received the necessary regulatory approval from the Court of Queen's Bench of Alberta under the *Investment Canada Act*.

'It's been a long, tough journey,' said Verenex chief executive **Jim McFarland** said. 'We want to get this wrapped up as soon as we can, given the delays in the whole process. But we think the [offer] we finally worked out with the LIA is best alternative available, given the circumstances.'

This closes the book on a drawn-out saga, during which unsubstantiated allegations of irregularities in the way the company secured its contract ultimately saw shareholders agreeing

to a price approximately 30 per cent below that offered in February by **China National Petroleum Corporation (CNPC)**.

During a year that has seen the disappointment of many IOCs that had entered Libya with high hopes over the past decade, the Verenex sale has become emblematic of their difficulties. However, while the government's insistence on buying Verenex at a large discount from the market price has damaged Libya's reputation as a place where commercial deals can go ahead without hindrance or state interference, the episode also provides a valuable lesson.

According to one Libyan energy analyst, Verenex's major mistake was not to go ahead itself with its earlier ambition to develop the discoveries it made in Area 47 of the Ghadames basin. By attempting to sell out in the pre-development and production stage, the Canadian company awoke all Libya's fears about foreign companies profiteering on its resources instead of being committed to the long term.

Hess tests discovery

New York-based **Hess Corporation** has successfully tested its A1-54/01 offshore discovery and announced the results on 2 December. The *Stena Forth* drill ship is now completing an appraisal well located approximately seven miles northwest of the discovery well.

Hess recently re-entered and perforated its original discovery over a 300-foot carbonate interval and performed a drill stem test. It reported >>>

that the well flowed at a rate of 27 mcf of good quality natural gas per day and 533 barrels of condensate per day on a 52/64-inch choke.

The well was originally drilled a year ago in 2,807 feet of water at the Arous Al-Bahar prospect in Area 54, approximately 35 miles offshore in the Sirte basin. It encountered hydrocarbons in several intervals with a combined gross section of approximately 500 feet.

The offshore Sirte basin is a frontier area and has attracted huge interest from some of the largest oil companies in the world. However, discoveries have so far been rare. A number of massive exploration programmes by **BP**, **ExxonMobil**, and **Gazprom**, as well as smaller programmes by a number of smaller companies, could yet change this.

Exploration with Tunisia

The head of the management committee of the **Libyan African Investment Portfolio**, **Mohamed al-Taher Sialah**, and Tunisian Minister of Industry and Energy and Small and Medium-Sized Business **Afif Chelbi** confirmed the oil exploration and production sharing agreement at the 7th November block and the conclusion of a working meeting of the joint Libyan-Tunisian general implementation committee on 13 December in Tripoli.

Secretary of the General People's Committee **Al-Baghdadi Al-Mahmoudi** and Tunisian Prime Minister **Mohamed Ghannouchi** attended the meeting to witness the agreement. In total,

the committee finalised two agreements, three memorandums of understanding, and four implementation programmes in the areas of mining, broadcasting and sports cooperation, and others.

Turkey wants Libyan crude

Ankara has offered to buy oil directly from Tripoli. A delegation of Turkish business people led by Prime Minister **Tayyip Erdogan** made the request during a visit to Libya in early December. The delegation met with **National Oil Corporation** chair **Shukri Ghanem**.

According to Utilities Minister **Matuq Mohamed Matuq**, who is also head of a Libyan-Turkish friendship committee, 'the Turkish delegation told Ghanem that they need to buy as much Libyan oil as possible directly.'

The Turkish and Libyan governments signed agreements on investment and agricultural and technological cooperation. Prime Minister **Al-Baghdadi Ali al-Mahmoudi** earlier announced the cancellation of visa requirements between the two countries.



BUSINESS ENVIRONMENT

ESDF flexes its muscles

The **Economic and Social Development Fund** (ESDF) has emerged as one of the most important institutions in the new Libyan economy. A recent restructuring of its capital structure and other related amendments in its favour in Libyan commercial law have put the fund at the forefront of policy designed both to modernise the economy and to ensure that oil wealth is spread fairly among all citizens.

For the past several years, the ESDF has existed in the shadow of its internationally renowned sister fund, the **Libyan Investment Authority** (LIA). Both institutions were created in 2006 in a reorganisation of the way in which Libya's oil wealth was deployed.

The LIA, now worth about \$100 billion, focuses on overseas investment to preserve oil wealth for future generations. This has unsurprisingly attracted a great deal of attention outside the Jamahiriya.

The ESDF is a more complex organisation whose domestically focused activities are much less well publicised. When established it was worth about \$5 billion.

However, the scope of its activities through numerous joint ventures and the ownership of a huge portfolio of state assets from shares in the telecommunications companies to banks, hotels, and property developments mean it may now be worth significant multiples of this figure.

Unlike the **Housing and Infrastructure Board** (HIB), with its vast \$50 billion budget being spent on new residential districts and associated utilities, or the **Organisation for the Development of Administrative Centres** (ODAC), which acts as the procurement arm for the government and whose budget also stretches into the multibillions, ESDF's role extends far beyond the relatively straightforward business of issuing construction contracts.

Its politically vital twin roles of domestic economic development and wealth distribution mean that it is now a dominant player in every part of the Libyan economy.

Clues to the fund's growing influence in have emerged with growing frequency in the past months. It is not just that it packs financial clout; the fund is increasingly being used as a political tool for intervening in the private sector to counteract the impression that some commercial enterprises have become too powerful.

At the end of September, the GPC issued a decree restricting the practice of trade agencies in five groups of strategic commodities.

As part of a series of reforms intended to prevent the domination of a few companies in lucrative sectors, it stated that investment portfolios managed by the ESDF would take 51 per cent stakes in limited companies holding agency agreements for trade in cars, trucks, and coaches; machinery and heavy equipment; agricultural machinery; road-making equipment; and medical equipment both for diagnosis and treatment.

According to one business observer, >>>

companies in Libya are still waiting to see what the impact of this decree will be. 'It is not what the rules say but the interpretation of what the rules mean,' he said, noting that in Libya, politics and business 'go hand in hand,' and that 'everything that Libya is doing today is geared towards creating and distributing wealth and employing its citizens.'

Restructuring allows reinvestment

The ESDF was reorganized as a joint stock company in August this year. One of the main effects appears to be that beneficiaries of the wealth distribution programme managed by the fund will be able to reinvest payments back into the fund.

In spite of the vast assets that the fund owns, it was reformed as a joint stock company with capital of just one million dinars, dividends on which will be paid when the value has increased by 30 per cent.

The rationale behind the underestimation of the capital value of the fund is not clear. However, it would potentially facilitate a distribution of shares at nominal value to citizens, allowing them to realise shares in national wealth.

According to a report published by the ESDF in mid-2009, the number of families that benefited from the distribution of wealth programme increased from 100,000 in 2007 to 185,038 in 2008 (*Libya Focus*, October 2008, 14; February 2008, 12). It forecast that the programme would benefit 300,000 families this year. Every family of five or more members received a payment of 4,230 dinars.

The distributive function of the fund means that it is likely to play an increasingly important role as the gradual stop-start process of economic liberalisation in the Jamahiriya progresses.

Already, the fund itself has altered its role. It was created under the patronage of **Saif al-Islam** in 2006 with two aims. The first was to invest hydrocarbons wealth in domestic business, property development, and infrastructure projects: it supports some of the largest projects in these areas. The second was to act as a vehicle for the distribution of wealth throughout the population.

In its first iteration, the fund was envisaged as a sub-fund of the LIA, but it soon became independent. In mid-2008, an informed source told *Libya Focus* that although the two organisations were institutionally separate, the LIA would act as an asset manager for any overseas investments. More recently, the LIA has said that it is not managing ESDF assets.

Real-estate projects dominate downtown

In 2008 and 2009, the ESDF created a large number of subsidiary companies and joint ventures with international partners. Last February, some of these funds were proposed for floatation on the illiquid and small Libyan Stock Exchange (*Libya Focus*, February 2009, 11; November 2009, 12).

The fund's real-estate activities include several of the largest tower developments in downtown Tripoli, including the Tripoli Towers and the Tadhamin Towers, and also the vast

Bab Tarabulus residential developments on the edge of the capital on either side of the Airport Road. These are managed by its wholly owned subsidiary, the **Libyan Investment and Development Company** (Lidco), which is also in partnership with France's **Vinci** and Austria's **Strabag** for the development of the new Tripoli International Airport.

The ESDF has seven other real-estate and construction subsidiaries, which include partnerships with the German general contracting company **Bilfinger Berger**, South Korea's **Daewoo Engineering and Construction**, and the **Arab Union Contracting Company**.

An ambitious Lidco project currently at the master-plan stage is the \$375 million Al-Waha development on the southern outskirts of Tripoli, which is being developed through a joint venture with **Al Maabar International Investments**, a consortium between five of Abu Dhabi's largest real estate and investment companies.

Aldar Properties, **Sorouh**, **Reem Investments**, **Al Qudra Holdings**, and **Reem International** formed Al-Maabar in early 2007. In June 2008, the consortium signed a memorandum of understanding with **Hill International**, the largest independent US construction management company. Hill International is already involved in a massive universities design and construction project in the Jamahiriya.

Last April, the company said that construction had begun on the development of Al-Waha and that the first floors of the residential buildings were 'clearly visible.' It plans to build four city

blocks, with a total of 11 residential buildings, 9 to 16 storeys high, comprising more than 300 units, a 31-storey office block, and a hotel of nearly same height, named the Rayhaan Rotana.

A statement said that 'whilst it will respect the beliefs and culture of guests, it has been designed to present the image of a new Arabia.'

British backers for hotel projects

Other tourism investments are focused on hotel construction in central Tripoli and along the coast. ESDF has 10 tourism-focused subsidiaries. Among them is the **Oyia Tourism Development and Investment Company**, which is building a large portfolio of hotels around the country.

It also has a 30 per cent stake in **Beroko Libya Company for Tourism Investment**, which is developing the Al-Andalous business resort on the coast just west of Tripoli city centre.

One of its most high-profile investments is a 30 per cent stake in the **Ghazala Tourism Investment Company**, which is owned by Bermuda-based **Magna Holdings**. Magna is developing the new Hotel Intercontinental, currently under construction in central Tripoli.

According to a recent report in the London-based *Daily Telegraph*, the company is chaired by **Lord Charles Powell**, who served as an adviser to the former British prime ministers **Margaret Thatcher** and **Tony Blair**. It is also involved in the construction of the \$175 million Gaddafi Tower, which is being built adjacent to the El-Fateh Tower in downtown Tripoli in >>>

partnership with **Aisha Al-Qadhafi's Wattasimu Charity Association**. It also partly financed the redevelopment of the Waddan Hotel, now run by the **Intercontinental Hotels Group**.

The *Daily Telegraph* reported that Magna's three main owners are the UK-resident billionaire businessman of Syrian origin **Wafic Said**, a New York-based hedge fund **Och Ziff**, and a Middle Eastern property developer.

From telecoms to downstream oil

One of the most important service industries that ESDF has been allowed into is the telecommunications sector, which is otherwise controlled by **Mohamed Al-Qadhafi**, eldest son of Colonel Muammar Al-Qadhafi through the state-owned holding company **Libyan Post, Telecommunications and IT Company** (LPTITC).

ESDF has 25 per cent stakes in both **Al-Madar Al-Jadeed** and **Libyana**, the two mobile telephone operators (*Libya Focus*, March 2008, 12). It also has a role in the issuing of a third GSM licence offered for tender by the **General Telecommunications Authority** (GTA) last February.

According to a recent Reuters report, the UAE's incumbent telecommunications provider, **Etisalat**, has said that it has high hopes of securing the licence by the end of this year.

In early December, Etisalat international investments director **Jamal al Jarwan** told reporters at a conference in Abu Dhabi that the company regarded its own bid for a combined mobile to be the strongest. There has been no official announcement about the identity of the other bidders, making this claim impossible to verify. >>>

Order Form

Menas Associates executive briefings are distributed in PDF format by e-mail. Corporate subscriptions can be sent to an unlimited number of individuals within your organisation, on receipt of their e-mail addresses.

Subscriptions include access via a user name and password to Menas' e-library where all of the previous issues, plus additional valuable databases, can be viewed or downloaded.

Please send me a **free** sample copy and full details of the following subscription(s):

- Algeria Focus
- Brazil Focus
- Caspian Focus
- Iran Strategic Focus
- Iraq Focus
- Libya Focus
- Nigeria Focus
- Sahara Focus (quarterly)
- Vietnam Focus

LF1209

Name _____

Company/Organisation _____

Title/Position _____

Business/Interest _____

Address _____

Phone _____

Fax _____

E-mail _____

Website _____

Signature _____

Date _____

Menas Associates Ltd

16 -19 Southampton Place
 London
 WC1A 2AJ
 United Kingdom

+44 (0)207.745.7190 Phone
 +44 (0)207.745.7101 Fax

info@menas.co.uk
 www.menas.co.uk

Plans have been mooted for the ESDF to take over the business of developing the downstream oil sector, including refineries and petrochemical plants (*Libya Focus*, October 2009, 11). These plans may be linked to proposals for the development of large energy cities at Ras Lanuf and Marsa Al-Brega, which are not yet official although they are included in a schedule of projects under development. They may well fall victim to the competition between rival domestic institutions that is a feature of Libyan public life.

The fund already plays an important role in some parts of the energy sector. It is backing a \$2 billion energy city project at Zawia, west of Tripoli, which will be partly financed by Bahrain's **Gulf Finance House** (*Libya Focus*, May 2009, 12). And according to its own information, it has invested \$3.67 billion in agreements to develop oil fields.

Although the precise nature of these investments has not been explained, a meeting in early November between the **National Oil Corporation** (NOC) financial committee and the finance managers of its subsidiary companies discussed the execution of projects financed by ESDF loans in the context of the implementation of the 2009 budget. ESDF also has a joint investment with NOC in the **Libyan**

Public Utilities Investment and Maintenance Company.

The fund's industrial holding company owns 16 subsidiaries, which operate in a wide range of sectors from the manufacture of construction materials and cement to metals, pipes, electric cables, and soft drinks (*Libya Focus*, September 2008, 13).

Its services subsidiary owns 18 enterprises involved in activities as disparate as water desalination alongside France's **Société Internationale de Dessalement** (Sidem) and gas distribution, in partnership with **TAQA Arabia**, a subsidiary of Cairo-based **Citadel Capital** (*Libya Focus*, June 2009, 10).

It also owns a 30 per cent in the **Libyan African Airline Holding Company**, which owns both **Afriqiyah Airways** and **Libyan Airlines** plus a number of other air travel-related businesses.

Stakes in banks and portfolio investments

The fund's financial investments include shares in the main commercial banks: **Wahda Bank**, in which a 19 per cent share was sold to **Arab Bank of Jordan** (*Libya Focus*, February 2008, 11); and Sahara Bank, in which a 19 per cent stake was sold to **BNP Paribas**. It is also

a partner with **First Gulf Bank** in **First Gulf Libya Bank**, the first foreign-owned financial institutions to be established in the Jamahiriya.

The fund also has about \$200 million of portfolio investments managed through its External Investment Portfolio. This is divided into a number of sub-funds focused on equities, bonds, fixed income securities, and an equilibrium fund.

Together, these investments make the fund a dominant figure in the development and restructuring of the financial sector. This in itself makes ESDF an institution to watch.

Leading edge broadband

The Jamahiriya's leading mobile operator, **Al-Madar Al-Jadeed**, is planning to move directly to a fourth generation (4G) mobile network, without investing in 3G.

Its holding company, the state-owned holding company **Libyan Post, Telecommunications and IT Company** (LPTITC), controls all the government telecoms, internet, and satellite communication providers. It has established a track record of adopting technology at an early stage.

On 6 December, Al-Madar announced that it planned to build a fourth generation mobile telephone network using long-term evolution (LTE) technology, developed by a world-wide alliance of telecommunications standards bodies named the **3rd Generation Partnership Project** (3GPP).

The technology will eventually be able to deliver internet speeds on mobile telephones of up to 150 megabits/second (Mbps), as high quality - if not better - than most fixed-line broadband connections in most Western capitals today.

The company will introduce an experimental network to test the technology, expected to be ready for commercial use during the fourth quarter of 2010.

If it goes ahead with this plan, Libya will have moved straight to a fourth generation mobile from the second generation network that is currently operational.

According to one industry analyst, this would fit an already established pattern, as earlier this year, LPTITC-owned internet provider **Libya Telecom and Technology** became the first company in North Africa to roll out a WiMax commercial wireless network.

visit our website >>> www.menas.co.uk