[Oil production still unstable in Libya - The National](http://www.thenational.ae/business/energy/oil-production-still-unstable-in-libya)
http://www.thenational.ae/business/energy/oil-production-still-unstable-in-libya

- # Oil production still unstable in Libya

Florian Neuhof

- Post-war Libya is likely to struggle to maintain oil production levels and boost pumping capacity, as funding constraints and security concerns could prevent the country's oil company and foreign oil firms from making necessary investments.
- Constraints on investments in existing facilities and exploration activity, as well as security concerns, could hamper the work of the country's National Oil Corporation (NOC) and foreign operators.

  While the NOC is held back by sluggish political decision making, international oil companies (IOCs) are hesitant to send their equipment and workers unprotected into remote locations, and they are bound by unfavourable contracts from the Muammar Qaddafi era.
- "I am not as enthusiastic about Libya as when Qaddafi went away," said Nabil Alalawi, the chief executive of the oil field services provider AlMansoori Specialized Engineering, an Abu Dhabi company.

  "It is a fantastic market, but they don't have money."

  Libya's 1.6 million barrels per day (bdp) of exports were halted as civil war broke out in February last year.
- After Qaddafi was killed in October, production was restarted and quickly increased. Output has reached about 1.4 million bpd. Experts say full production of 1.8 million bpd could be achieved by August.

  But the provisional government, the National Transitional Council (NTC), has not yet provided funding to the NOC or renegotiated contracts with foreign oil companies.

  The council is preoccupied with establishing government institutions untainted by the former regime and is reluctant to make decisions before a general election.

  "As the NTC is a transitional ruling body, we've left all the long-term decisions and commitments to the future elected government," Muhammad Al Muntasir, who has responsibility for oil and gas affairs at the NTC, said last week.
- Superficial repairs have enabled a quick resumption of production, but stable crude flows depend on regular maintenance.

  "What they are doing now is repairing a few wells. That is short term.

  "To create sustainable production, you have to have continuous maintenance," said Mr Alalawi.

  Wintershall,a German oil company that operates in nine fields in Libya, has not been able to return to full production as the pipeline connecting it to export facilities is still damaged.

  "We want to stabilise our production capacity … To do this, however, the export infrastructure also needs to be in place," Rainer Seele, the chairman of Wintershall, said last month.

  Libya aims eventually to boost production to 2 million bpd.

  At present, international oil companies are refusing to commit to the necessary exploration work, citing safety concerns in areas often controlled by tribal militias.

  The contractual terms under which IOCs operate in Libya are a further impediment to investment in exploration and production-enhancing measures at existing oil fields.

[Analysis: Libya's oil contracts to be unsure for months more | Business | Reuters](http://ca.reuters.com/article/businessNews/idCABRE82R0EC20120328?sp=true)
http://ca.reuters.com/article/businessNews/idCABRE82R0EC20120328?sp=true

- # Analysis: Libya's oil contracts to be unsure for months more

  Wed Mar 28, 2012

- By Jessica Donati

  LONDON (Reuters) - Uncertainty about oil and gas companies' contracts with Libya, soon to be scrutinized and potentially revised, will persist until new leaders take power after June elections, delaying the industry's return to normal in the post-Gaddafi era.

  The transitional government has set up a special committee to investigate allegations of widespread corruption in the oil industry before the revolution unseated Muammar Gaddafi. Its determinations could lead to the withdrawal or reworking of now lucrative deals in the OPEC member, which has Africa's largest crude oil reserves.

  In the June elections, Islamist and secular parties will compete for seats in a national assembly, which will draft a new constitution for the country.

  Libya's deputy oil minister told Reuters this week that existing agreements with international oil companies must be examined before any new blocks or contracts can be offered.

  "First we need to evaluate the outcome of the existing agreements and contracts," said Deputy Minister Omar Shakmak.

  "At this stage, we need to have some more studies and involve all the people with experience in the oil industry."
- Oil company executives say they expect the new leaders to demand that certain deals be revised. For now, while the political and legal landscape is in flux, they are keeping a low profile.

  "Official declarations have not been consistent over time, but certainly they are going to revise contracts according to the best interests of the country," an executive at a European oil major and one of Libya's largest foreign oil producers said, speaking on the condition of anonymity.

"Getting through change, revolution, is part of our operations in north Africa," he added.

Austrian oil and gas company OMV (OMVV.VI: Quote) is among oil firms seeking to persuade their governments to unfreeze Libyan assets in the hope it will win them favor with Libya's new leaders.

"What you put in during the (ongoing) revolution, you will get out," OMV's Libya manager, Harald Scheruga-Rosmarion, said.

In an example of how conflicting statements have cast doubt over current oil deals, Libya's interim prime minister, Abdurrahim al-Keib, said in December that contracts with Italy's Eni (ENI.MI: Quote) would be reviewed before being implemented again.

He also said Eni, the biggest producer in Libya, needed to prove itself by "playing a distinguished role" in rebuilding the country.

A few days later, however, Libya's interim oil minister, Abdulrahman Ben Yazza, said his government respected Gaddafi-era oil contracts with foreign oil companies, including Eni.

- ALL CHANGE

Oil executives at Libya's first oil and gas summit in Rome last week posed hostile questions about the restarting of frozen operating contracts to a Libyan lawyer, who spoke about the legal changes ahead.

"The contracts committee will assess and scrutinize contracts before resuming them," said Yannil Belbachir, a partner at FARES, a Libyan firm that advises local and international companies.

Belbachir said Libya lacks a solid legal framework for coping with the industry in the aftermath of the revolution.

The firm's website says the Libyan administration is entitled to renegotiate the terms of contracts and that firms should prepare for negotiations to take place.

Even before the uprising against Gaddafi, Libya's state Northern Oil Corporation (NOC) had renegotiated deals to give Libya a greater share of production.

In one such revision in 2007, NOC increased its share of output in a deal with PetroCanada (SU.TO: Quote) to 88 percent. PetroCanada also had to pay the NOC a signature bonus of $1 billion in three stages.

- Some analysts say the forthcoming revisions may be relatively minor.

"The question is, 'Will existing contracts be honored?" Carole Nakhle, of the Surrey Energy Economics Centre, said at the Rome summit.

"They may be revisited, but it is unlikely they will be torn up."

Foreign oil companies are even hoping that terms in some recent contracts may be eased.

Until late 2004, Libya's unexplored territory had been off-limits for decades because of U.S. sanctions. In Libya's most recent bidding round in 2005, when that land opened up and a scramble for acreage ensued, companies accepted some of the industry's tightest exploration and production deals. Fierce competition meant returns were narrower, and the results of initial efforts to find oil have been disappointing.

Analysts say a number of discoveries elsewhere in Africa, since then may have limited enthusiasm for Libyan deals.

"The oil industry is mobile. Unless Libya makes itself attractive, IOCs (international oil companies) will go away for another five to 10 years," Charles Gurdon, managing director at Menas Associates, said at the summit.

Libya: Libyan Oil Firms Get more Autonomy to Become Economically Successful

http://tripolipost.com/articledetail.asp?c=2&i=8072

- Libya: Libyan Oil Firms Get more Autonomy to Become Economically Successful
  23/03/2012
- As Libya slowly gets rid of the heavy burden of the former regime and acquires new administration approach to its state-owned firms, especially in the oil sector, national companies are moving toward acquiring more autonomy in running their own affairs on cost-benefit basis.

  The new approach avoids the old one that was politically-oriented and based on what the government may or may not desire.
  This is was not the case during the 42-year oppressive rule of the former Gaddafi rule.
- Now the approach will likely be more based on rational economic and business planning that takes into consideration the cost-benefit elements in decision making than the one that made of the Libyan oil administrators as servants of the dead infamous dictator Gaddafi and his sons.

  At the first oil and gas summit held in Rome since the end of the former regime and the eight-month revolution, signs of such new approach appeared.

  A new system in place will devolve power to subsidiary firms previously controlled by the state's National Oil Corporation (NOC) Mohamed Elabdaly, chair of the Libya Oil and Gas Summit, told Reuters on Friday.
- "Previously, subsidiaries did not have control over exploration, upgrading and training. All that will change," said Elabdaly in an interview given on the sidelines of the summit.

  "The aim is decentralization... The budget will be divided between counties, based on a formula that takes both population and geographical area into account," Elabdaly told Reuters.

Arabian Gulf Oil Company (Agoco) was first in Libya to restart production.

An Agoco official said on the sidelines of the summit the Benghazi-based company did not want to regain control over its oil sales, but wanted independent control of its budget and projects.

- Fawzi M. Bu Argoub, who manages Agoco's geology department, said the company was satisfied with the degree of autonomy granted from NOC, and was in favor of remaining under its supervision.

  Addressing the audience, Argoub said the company should manage its own future because it alone fully understood its potential. "Agoco needs to avoid centralization," he added.

  Foreign oil companies' contracts are due to be subject to a detailed review by a committee as many deals were influenced by the corruption that was widespread during Gaddafi rule. The review of these contracts has become a national demand that will also influence the coming parliamentarian elections.
- Along with other subsidiaries in Libya, Agoco has submitted plans for the year and it is the NOC's task to aggregate the budget and obtain approval from the government.

  Once approval is granted, each company will have complete control over the execution of its plans, according to Elabdaly.

  He said the government had approved the 2012 budget, the largest in Libya's history, and the oil sector was expecting to receive the full amount requested, around $6 billion. The figure excluded funds allocated for war reparation.

  Under the new system, the NOC's task would be to audit the performance of the various subsidiaries, leaving full control over operations in their hands.

  Agoco is producing around 331,000 barrels of oil per day.

The Petroleum Institute - Electrical Engineering

http://www.pi.ac.ae/PI_ACA/ee/faculty_staff/aelkeib.php

- **Department of**
  ELECTRICAL ENGINEERING

  Faculty & Staff

  Dr. Abdurrahim El-Keib
  Professor and Chairman
-
  - B.S. (Honors): University of Tripoli, 1973;
  - M.S.: University of Southern California, 1976;
  - Ph.D.: North Carolina State University, 1984

  Dr. Abdurrahim El-Keib joined The University of Alabama as an Assistant Professor of Electrical Engineering in 1985 and became Professor in 1996. He has taught at The University of Tripoli, North Carolina State University, The University of Alabama, the American University of Sharjah, and recently at The Petroleum Institute in UAE. He supervised many MSc Theses and PhD Dissertations and is recipient of several teaching and research awards.

  Dr. El-Keib's research in the area of Electrical Power Engineering and is an author of numerous research papers. His research was sponsored by the National Science Foundation (NSF), the Electric Power Research Institute (EPRI), the US Department of Energy (US DoE), Southern Company Services (SC), and Alabama Power Company (APCO). He has published numerous papers and research reports and a book chapter. His work on Emissions Constrained Dispatch and VoltlVar compensation on primary distribution feeders has been implemented by several companies in the US. He also served as a consultant to several industries including Alabama Power Company and Southern Company Services.
- He served as a member of the Board of Directors, the Arab Science and Technology Foundation, 2001-2007, a member of the Science and Technology Panel, the Islamic Development Bank, Senior member of IEEE, Associate Editor for the IEEE Power Engineering Society Letters, 1992-2000, and the World Science and Engineering Academy and Society (WSEAS) Transactions on Power Systems, and a member of the Editorial Advisory Board of the Korean Institute of electrical Engineers (KIEE)/Society of Power Engineering, and of the Advisory Board of the International Journal of Innovations in Energy Systems and Power (IJESP).

  While on leave from The University of Alabama, he spent two years (1999-2001) at the American University of Sharjah, Sharjah, United Arab Emirates. He served as the Director of the Division of Electrical, Electronics, and Computer Engineering. Together with his colleagues on the faculty, they built the Division and achieved the UAE national accreditation for it. While serving as Chair of the Electrical Engineering Department at The Petroleum Institute, he served and/or chaired a number of important committees and led the effort of development and accreditation of the electrical engineering undergraduate and graduate programs, and the PI Master of Science program. During the period 2007-09, he coordinated the PI Graduate Program and initiated and chaired the PI Graduate Council. He also coordinated the development of the PI e-Learning System to deliver PI graduate courses.
- He is experienced with ABET accreditation and Curriculum design. He is trained to serve as an ABET evaluator, served as Chair of the Assessment Committee and had actively participated in developing the assessment process and preparing accreditation material for three ABET visits at the Electrical and Computer Engineering Department, The University of Alabama.
- **HONORS AND AWARDS**

  - Outstanding Engineer of the Year Award "For Leadership and Excellence in Power Engineering Research, Outstanding Contributions to the Power and Energy Education, and Dedicated Service to the Engineering Profession," IEEE/PES UAE Chapter, 2009.
  - Awarded a Certificate of Appreciation from the President of the IEEE/PES issued by the IEEE Power and Energy Society, Energy Development and Power Generation Committee "in Recognition of Distinguished Service to the Energy Development and Power Generation Committee …,"

at the General Meeting in Calgary, Canada, July 2009."
- Member, Board of Directors, the Arab Science and Technology Foundation, 2001-2007.
- Associate Editor, the IEEE/PES Power Engineering Letters, 1992-2000.
- Associate Editor, World Science and Engineering Academy and Society (WSEAS) Transactions on Power Systems.
- Member, Editorial Advisory Board, the Korean Institute of electrical Engineers (KIEE)/Society of Power Engineering.
- Member of the Science and Technology Panel, the Islamic Development Bank IDB.
- Merit Scholarship, PhD, MSc, and BSc.
- Recipient of the 1999 Outstanding Electrical and Computer Engineering Instructor Award, The University of Alabama.

- Nominee for
- The University of Alabama Alumni Award for Outstanding Commitment to Teaching, 2004-05.
- Excellence in Service Award, American University of Sharjah, 2001.
- T. Morris Hackney Endowed Faculty Leadership Award in the College of Engineering; The University of Alabama, 1997, 1998.
- College of Engineering Nominee for The University of Alabama's 1991-92 Burlington Northern Foundation Faculty Achievement Award for Scholarship.
- NSF Engineering Research Initiation Award, 1989-1990.
- First Place Award, 1996 Technical Paper Prize Competition, Alabama Section of IEEE for the paper, "Application of Artificial Neural Networks in Voltage Stability Assessment," IEEE Transactions on Power Systems, Vol. 10, November 1995, pp. 1890-1896.
- Third Place Award, 1986 Technical Paper Prize Competition, Alabama Section of IEEE for "Placement of Fixed and/or Non-Simultaneously Switched Capacitors on Unbalanced Three-phase Feeders Involving Laterals," IEEE Transactions on Power Apparatus and Systems, Vol. 104, November 1985.
- Member the following Honors societies:
  - Phi Beta Delta (Honor Society for International Scholars), President-elect, 2001-02, The University of Alabama.
  - Eta Kappa Nu (Honor Society for Electrical and Computer Engineers).
  - Sigma Xi (Honor Society for Research).

- **Selected Refereed Publications:**

  - A.A. El-Keib, I. Sadek, (Editors), Special issue on Modeling, Simulation, and Applied Optimization, the *Journal of Applied Mathematics and Computation,* Volume 206, Issue 2, December 2008.
  - A. A. El-Keib, (Editor), Proceedings of the 2007 Modeling, Simulations, and Applied Optimization, March 2007.
  - L. Wu, J. Park, J. Choi, A. A. EI-Keib, "Probabilistic Reliability Evaluation of Power Systems Including Wind Turbine Generators Considering Wind Speed Correlation," *KIEE JEET International Transactions*. (to appear).
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  - J. Park, W. Liang, J. Choi, A.A. El-Keib, M. Shahidehpour, "Transmission System Expansion Planning by Nodal Delivery Marginal Rate Criterion," *Proceedings 2009 IEEE/PES Asia T & D,* Seoul, Korea, October 26-30, 2009.
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- L. Wu, J. Park, J. Choi, A. A. El-Keib, M. Shahidehpour, Roy Billinton, "Probabilistic Reliability Evaluation of Power Systems Including Wind Turbine Generators Using a Simplified Multi-State Model: A Case Study," *Proceedings, The IEEE/PES General Meeting,* 26 - 30 July, 2009, Calgary, Alberta, Canada.
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- J. Carlisle, A.A. El-Keib, "A Graph Search Algorithm for Optimal Placement of Fixed and Switched Capacitors on Radial Distribution Systems," IEEE Transactions on Power Delivery, January 2000, pp. 423 -428.
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- **Selected Professional Service Activities:**
    - Acting Chair, The IEEE/PES Middle East Working Group on Electricity Infrastructure, Interconnections & Electricity Exchanges.
    - Associate Editor, the Power Engineering Society Letters, IEEE/Power Engineering Society, 1992-2000.
    - Member of the Editorial Advisory Board, the Korean Institute of electrical Engineers (KIEE)/ Society of Power Engineering.
    - Associate Editor, World Science and Engineering Academy and Society (WSEAS) Transactions on Power Systems.
    - Member, the International Board of Advisory Editors, the Korean Institute of Electrical Engineering/Power Systems Engineering.
    - Member, the Advisory Board, the International Journal of Innovations in Energy Systems and Power (IJESP).
-
    - Member, the Board of Directors, the Arab Science and Technology Foundation, 2001-2007.
    - Member, the Panel for Science and Technology, the Islamic Development Bank IDB.
    - Chair, Educational Activities, the UAE Section of IEEE, 1999-2001, 2005-.
    - Faculty Advisor, the University of Alabama IEEE Student Branch, 2002-.
    - Founder and Counselor of the IEEE Student Branch at the American University of Sharjah, 2000-01. The Branch received the 2000-01 Most Active Student Branch Award in UAE.
    - Founder and Counselor of the Women Engineers Student Society at the American University of Sharjah, 2000-01. The first of its kind in the region.
    - President-elect, Phi, Beta, Delta (Honors Society for International Scholars), the University of Alabama, 2002.
    - Member, NSF Engineering Systems/Power Systems panel to review Engineering Research Equipment and Research Initiation Proposals, Washington, D.C., March 1990.
    - Chairman, The Paper Prize Committee, Alabama Section of IEEE, 1989-1991.
    - Served as reviewer, the National Science Foundation, Washington, D.C. 1989-2005, The National Research Council, Washington D.C., a regular reviewer, King Fahd University of Petroleum and Minerals, Dahran, Saudi Arabia.
    - Served as a PhD External Examiner, the Department of Electrical and Computer Engineering, University of Waterloo, Waterloo, Canada, Department of Electrical Engineering, Indian Institute of Technology Roorkee, India, 2008, Department of Electrical and Computer Engineering, University of Bahrain, Manama, Bahrain, and Gyeongsang National University , S. Korea.
    - Reviewer for Academic promotion at Illinois Institute of Technology, Pennsylvania State University, University of South Alabama, and the Kuwait Technical College, and chaired the College of Engineering Promotion Committee at AUS.
- **Regular reviewer for:**
    - The IEEE Transactions on Power Delivery.
    - The IEEE Transactions on Power Systems.
    - The IEEE Transactions on Education.
    - The IEEE Transactions on Evolutionary Computation.
    - The IEEE Power Engineering Society Letters
    - The International Journal on Energy Systems
    - The Electric Power Systems Journal
    - The Power System Computer Computation Conference (PSCC).

RESEARCH EXPERTISE

Power system economics, planning, operation, and control.

Eni Boss Wants Pipelines Without Borders - WSJ.com

http://online.wsj.com/article/SB10001424052970204603004577269094231787950.html

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    - March 11, 2012, 7:56 p.m. ET

Unity Through Gas Pipelines

Eni Chief Executive Thinks European Nations Should Link Transmission Systems to Secure Supply

- By **WILLIAM LYONS**

A little over a month after Libya's National Transitional Council had taken control of the eastern part of the country, Paolo Scaroni, chief executive of Italian energy company Eni SpA, boarded a helicopter from a carrier anchored in the Mediterranean Sea. His destination was the port city of Benghazi, where a meeting had been arranged with forces fighting Libyan dictator Moammar Gadhafi.

- "It was a fairly risky situation," he recalls. "But I was very well protected by the Italian navy. At that time the NTC had been created only a couple of weeks before and it was pretty early on, people were still thinking Gadhafi might win."
- The visit was important. Not only is Eni one of Europe's largest oil companies by market value, it is also the largest foreign producer in Libya of both oil and gas.

The meeting, Mr. Scaroni says, was an opportunity to get in touch with the putative new leadership of the country and assure a good relationship.

"Halting production was unthinkable," he says. "Our presence in Libya goes back long before Gadhafi but we have established a good relationship with the NTC, which goes on today." Even so, the conflict reduced production, hitting profit. Adjusted fourth-quarter net profit for the year fell 9.5% to €1.54 billion ($2 billion) partly due to the fall in Libyan output. Eni doesn't disclose exactly how much of its business is accounted for by its operations in Libya.

In Libya, Companies Collide With Corruption - NYTimes.com

http://www.nytimes.com/2011/03/24/world/africa/24qaddafi.html?_r=2&pagewanted=all

- Shady Dealings Helped Qaddafi Build Fortune and Regime
- **By ERIC LICHTBLAU, DAVID ROHDE and JAMES RISEN**

Published: March 24, 2011

- WASHINGTON — In 2009, top aides to Col. Muammar el-Qaddafi called together 15 executives from global energy companies operating in Libya's oil fields and issued an extraordinary demand: Shell out the money for his country's $1.5 billion bill for its role in the downing of Pan Am Flight 103 and other terrorist attacks.
- If the companies did not comply, the Libyan officials warned, there would be "serious consequences" for their oil leases, according to a State Department summary of the meeting.
- Many of those businesses balked, saying that covering Libya's legal settlement with victims' families for acts of terrorism was unthinkable. But some companies, including several based in the United States, appeared willing to give in to Libya's coercion and make what amounted to payoffs to keep doing business, according to industry executives, American officials and State Department documents.
- The episode and others like it, the officials said, reflect a Libyan culture rife with corruption, kickbacks, strong-arm tactics and political patronage since the

United States reopened trade with Colonel Qaddafi's government in 2004. As American and international oil companies, telecommunications firms and contractors moved into the Libyan market, they discovered that Colonel Qaddafi or his loyalists often sought to extract millions of dollars in "signing bonuses" and "consultancy contracts" — or insisted that the strongman's sons get a piece of the action through shotgun partnerships.

"Libya is a kleptocracy in which the regime — either the al-Qadhafi family itself or its close political allies — has a direct stake in anything worth buying, selling or owning," a classified State Department cable said in 2009, using the department's spelling of Qaddafi.

- The wealth that Colonel Qaddafi's family and his government accumulated with the help of international corporations in the years since the lifting of economic sanctions by the West helped fortify his hold on his country. While the outcome of the military intervention under way by the United States and allied countries is uncertain, Colonel Qaddafi's resources — including a stash of tens of billions of dollars in cash that American officials believe he is using to pay soldiers, mercenaries and supporters — may help him avert, or at least delay, his removal from power.

- The government not only exploited corporations eager to do business, but willing governments as well. Libya's banks apparently collected lucrative fees by helping Iran launder huge sums of money in recent years in violation of international sanctions on Tehran, according to another cable from Tripoli included in a batch of classified documents obtained by WikiLeaks. In 2009, the cable said, American diplomats warned Libyan officials that its dealings with Iran were jeopardizing Libya's enhanced world standing for the sake of "potential short-term business gains."

In the first few years after trade restrictions were lifted — Colonel Qaddafi had given up his country's nuclear capabilities and pledged to renounce terrorism — many American companies were hesitant to do business with Libya's government, officials said. But with an agreement on a settlement over Libya's role in the Pan Am bombing over Lockerbie, Scotland, finally reached in 2008, officials at the United States Commerce Department began to serve as self-described matchmakers for American businesses.

- At least a dozen American corporations, including Boeing, Raytheon, ConocoPhillips, Occidental, Caterpillar and Halliburton, gained footholds, or tried to do so. In May, the Obama administration and the Qaddafi government signed a new trade agreement, designed, according to Gene Cretz, the American ambassador to Libya, to "broaden and deepen our bilateral economic relations."
- Libya became so flush with cash that Bernard L. Madoff, the New York financial manager who stole billions of dollars in a long-running Ponzi scheme, approached officials overseeing the country's $70 billion sovereign fund a few years ago about an "investment opportunity," according to a State Department summary of the episode in 2010. "We did not accept," a Libyan official reported.
- Colonel Qaddafi, the State Department said, was personally involved in many business decisions. He worked with local "riqaba" councils, an oversight committee set up by the Libyan government to dole out business with foreign firms, and insisted on signing off on all contracts worth more than $200 million. He also learned how to hide money and investments in case sanctions were ever imposed again, as they recently have been.

- Colonel Qaddafi and his family set up accounts in banks around the world that are in the names of members of Libyan tribes that remain loyal to his government, said Idris Abdulla Abed Al-Senussi, a member of the exiled Libyan royal family, who is familiar with many of Colonel Qaddafi's business dealings. (Some accounts may have been frozen by authorities, who have blocked access to tens of billions of dollars.) And Qaddafi relatives adopted lavish lifestyles — including posh homes, Hollywood film investments and private parties with American pop stars.

When Colonel Qaddafi was not making the decisions, one of his sons — whom he has anointed to run various sectors of the country's economy — often was.

- Daniel E. Karson, executive managing partner at Kroll, a risk-consulting firm, recalled in an interview that an international communications company he represented tried to enter the Libyan cellular phone market in 2007. From the outset, Libyan officials made it clear that the foreign company's local business partner would have to be Muhammad Qaddafi, the eldest son of the Libyan ruler.

"We advised them they would have to go through Muhammad Qaddafi," said Mr. Karson, who declined to identify the client. "This was not going to be done on the basis of, as they say in retail, price, quality and delivery." Fearful of going into business with the Qaddafis, he said, the company made no investments in Libya.

- Coca-Cola got caught in the middle of a fierce dispute between Muhammad Qaddafi and his brother Mutassim over control of a bottling plant the soda maker had opened in 2005, forcing it to shut down the plant for months amid armed confrontations, a diplomatic cable noted.

And Caterpillar, the Illinois machine maker, was about to finalize a lucrative deal in 2009 to provide equipment for infrastructure projects when Libya demanded the company become a partner with a state-owned company controlled by the Qaddafis, according to the State Department documents. Caterpillar resisted and was blocked by Libya from the work after intervention by American diplomats failed to break the impasse.

- When Qaddafi aides demanded payment for the Lockerbie settlement from oil companies operating in Libya, a State Department cable in February 2009 reported, industry executives had indicated "that smaller operators and service companies might relent and pay." Several industry officials and someone close to the settlement, all speaking only on condition of anonymity, said the payments went through but declined to identify the businesses.

Other companies also struck costly deals with the government. In 2008, Occidental Petroleum, based in California, paid a $1 billion "signing bonus" to the Libyan government as part of 30-year agreement. A company spokesman said it was not uncommon for firms to pay large bonuses for long-term contracts.

- The year before, Petro-Canada, a large Canadian oil company, made a similar $1 billion payment after Libyan officials granted it a 30-year oil exploration license, according to diplomatic cables and company officials.

The company also hired Jack Richards, a business consultant based in the British Virgin Islands and close friend of the Qaddafis, as their local agent to cement the deal, according to The Globe and Mail, a Canadian newspaper. Mr. Richards, who could not be reached for comment, reportedly used shooting trips to British royal estates to win the family's support.

- The company also courted a Qaddafi son, Seif al-Islam. Petro-Canada sponsored an exhibit of his paintings — ridiculed by Canadian critics as "lurid" and a "triumph of banality" — after museums refused. A Montreal business, SNC-Lavalin, which won more than $1 billion in Libyan contracts, also sponsored the exhibit and a soccer team that hired another Qaddafi son, Saadi, as a player.

- In Norway, two top officials at the state-run oil company quit in 2007 and came under government investigation after it was revealed the company had made more than $7 million in apparently illegal "consultancy agreements" with Libya.

Looking back on the decision in 2004 to resume business dealings, Juan Zarate, a former top White House and Treasury official in the administration of President George W. Bush, said that officials had believed then that the benefits of trying to rehabilitate Colonel Qaddafi outweighed the obvious risks. "It was a deal with the devil," Mr. Zarate said.

"The hope was that with normalization, Qaddafi would serve less as the mad dog of the Middle East and more as a partner," he added. "But I don't think this is the way anyone would have wanted it to work out."

Barclay Walsh contributed research.

This article has been revised to reflect the following correction:

Correction: March 26, 2011

An article on Thursday about the enormous wealth amassed by Col. Muammar el-Qaddafi, the Libya leader, misspelled the surname of a member of the exiled Libyan royal family, who described how Colonel Qaddafi and his relatives had established bank accounts around the world in the names of members of Libyan tribes that remained loyal to his government. The exiled royal is Idris Abdulla Abed al-Senussi, not al-Sonosi.

Libya conflict dents Eni profits - FT.com

http://www.ft.com/intl/cms/s/0/7f79123e-57c7-11e1-b089-00144feabdc0.html#axzz1mVyN4Bsa

- February 15, 2012

- # Libya conflict dents Eni profits

By Rachel Sanderson in Milan

- Adjusted profits at Eni, Italy's largest oil producer, fell 9.5 per cent in the fourth quarter as field closures in Libya reduced output and natural gas demand dropped.

  Eni, which is the biggest foreign oil and gas operator in Libya, said it expected its output to improve during the course of this year largely due to the gradual recovery of production in the north African country. It has a target to increase output by 3 per cent a year to 2014.

- On Wednesday, Eni, which is majority controlled by the Italian state, said it was pumping about 80 per cent of the 270,000 barrels a day it was producing in Libya before the conflict.

  "We have rapidly restarted our Libyan operations," Paolo Scaroni, chief executive, said in the statement. "The difficult macroeconomic situation in Italy and Europe has impacted our results."

- Adjusted net profit fell to €1.54bn ($2.02bn) from €1.7bn a year earlier, in line with analyst estimates.

  Output fell 14 per cent to 1.68m barrels of oil equivalent a day in the quarter. Full-year output was down 13 per cent to 1.58m barrels a day. Natural gas sales fell 11 per cent in the fourth quarter.

  Eni also announced "a new giant natural gas discovery" at the Mamba North 1 prospect, with 7,500bn cubic feet of gas resources off Mozambique in east Africa. The company in October made a gas discovery off Mamba South, which holds about 20,000bn cubic feet of gas, making it "by far the most important operated finding ever made by Eni", according to the company.

- Mediobanca analysts said the results were "weak as expected" at an operating level because of "the negative impact of the gas marketing business" and at a production level "because of the effect of Libya".

  The new Italian government of Mario Monti has made efforts to restore relations with Libya since the conflict, undertaking a visit there last month.

  However, Mr Scaroni told the Financial Times at the time that he recognised that Eni's efforts to remain dominant in Libya were being challenged by a series of competitors gearing up for new licensing rounds that are expected once Libya forms a new government after national assembly elections.

  Eni is due to hold a conference call on the results on Wednesday afternoon. It is expected the company will also address liberalisation measures undertaken by Mr Monti which will see the oil group forced to spin off its gas network Snam.

Calgary-based Suncor back in Libya
http://www.calgaryherald.com/business/Calgary+based+Suncor+back+Libya/6085232/story.html

- # Calgary-based Suncor back in Libya

Earnings rise with prices in fourth quarter

By Dina O'Meara, Calgary Herald and Herald News Services February 2, 2012

- CALGARY - Oil production at Suncor Energy's operations in Libya has resumed at three of five fields, flowing about 35,000 barrels of oil per day in January, the company said Wednesday while allaying concerns that rising costs could impact growth plans at home.

  The company, in reporting fourth-quarter results Wednesday, said it was taking a cautious approach to operations in the North African country, and that only "a handful" of employees were working in the field.

  Suncor reported an 11 per cent increase in earnings, to $1.43 billion during the quarter, from $1.29 billion a year prior, despite slightly lower production — in part due to the Libya crisis — on strong commodity prices.

- The country's largest oil and gas producer by market value said it hit a number of production records during the quarter, including in situ and upgrading throughput.

  "It's another quarter of reliable production as operational excellence initiatives continue to visibly pay dividends," Steve Williams, Suncor's chief operating officer and CEO designate, said during a conference call.

  Williams said he expects current global economics will help keep a lid on cost inflation in Alberta's oilsands, but acknowledged oil production might grow more slowly if labour and supply costs rise.

  "Volume is not the most important piece," he said, noting the company will adjust its expansion plans if "quality or costs come under pressure."

  Suncor wants to increase output to 1 million barrels a day by 2020 as it expands oilsands operations with technology that steams bitumen underground and pumps it to the surface, a process known as steam-assisted gravity drainage.

- "They're being more vocal about being disciplined and focused on costs," said Phil Skolnick, a New York-based analyst at Canaccord.

  "It's a dramatic change from the last cycle when everyone grew for the sake of growing." The company's expansion plans include steam-assisted operations at its Firebag project and a joint venture with Total SA.

  Operating costs for Suncor's oilsands operations rose to $39.60 per barrel from $36.70 per barrel a year before on higher costs associated with the ramp up of the $4.4-billion Firebag Stage 3 expansion.

  The thermal oilsands expansion helped the company's bitumen production average 101,400 bpd during the quarter, up from 85,800 bpd a year prior. Initial production from the second and third well pads is expected in the first half of 2012, with peak production levels expected a year later.

  Total crude oil production during the quarter fell eight per cent to average 576,500 bpd on sales of assets, lower output from Libya and operational outages at Syncrude, the company said.

- Oilsands production, excluding Suncor's 12 per cent stake in the Syncrude partnership, averaged 326,500 barrels per day, up slightly from 325,900 bpd a year prior.

  Suncor has a 12 per cent stake in the massive joint venture, which operated at lower rates during the quarter because of extended maintenance on a hydrogen plant and outages at a coker unit.

The company's share of production averaged 30,300 barrels per day during the quarter, down from 37,900 bpd a year prior.

Rick George, who is retiring in May after 21 years as Suncor's chief executive, said he did not expect production growth to be affected by capacity constraints due to the delay of TransCanada Corp.'s proposed Keystone XL pipeline.

The 830,000-barrel-per-day Alberta to Texas project was halted at the border on environmental concerns.

- Industry is looking at options such as the reversal of a major oil line between Sarnia, Ont., and Montreal and new pipeline proposals from storage hub Cushing, Okla., to the Gulf Coast refineries, George said.

  "It is my belief that we have a long period of time, four to five years, before (capacity) actually gets to be a major concern," he said. "There are plenty of Plan Bs on the table. . . . I actually don't see crude getting backed up into Alberta."

  George, too, said cost inflation is not imperilling the company's multibillion-dollar plans to boost output.

  "I feel this cycle is very different than the 2005 to 2008 cycle," George said.

  Fears that costs might again spiral higher have been one factor behind the weak performance of Suncor's shares, which have dropped 17 per cent over the past 12 months.

- "Some of the numbers that you're seeing, for example on Imperial's Kearl project, look extremely high to us. Those look really way out of range," he said. "Our current estimates are significantly below those they've announced. . . . We're not seeing those kinds of numbers."

  Imperial Oil said in December that the cost for its 345,000 barrel per day Kearl oilsands mine had jumped by 25 per cent to more than $28 billion.

  George said Suncor and Total will make a final decision on whether to proceed with their slate of projects early next year.

  The company took a $5.4-million partial impalement on its Libyan assets during the quarter after evacuating its personnel and shutting down operations due to the civil war.

- "We will be reviewing them on an ongoing basis as to whether or not we will be reversing the impalement," said Bart Demosky, chief financial officer, during the earnings call. "We are watching to see how the production ramp up takes place, and will make an assessment as we go forward once we have a clear picture."

  The oilsands veteran also declared a force majeure its natural gas operation in Syria during the quarter to comply with international and Canadian sanctions against the country. Suncor took a $63 million provision on outstanding receivables in the country.

  George reiterated the Libyan and Syrian assets were not for sale "at this time."

  Suncor fell 3 cents to $34.51 at the close in Toronto on Wednesday.

  With files from Bloomberg

  and Reuters

[Canada urges trade with Libya - Politics - CBC News](http://www.cbc.ca/news/politics/story/2012/01/30/pol-libya-trade-mission.html)
http://www.cbc.ca/news/politics/story/2012/01/30/pol-libya-trade-mission.html

- # Canada urges trade with Libya

  By Meagan Fitzpatrick, CBC News

  Posted: Jan 30, 2012

- Canadian values, including respect for human rights, won't be compromised in any trading relationship with Libya, International Trade Minister Ed Fast said Monday.

  Fast, who just wrapped up a three-day trip to the country where he was promoting ties to Canadian businesses, was accompanied by representatives from 15 Canadian companies.

  For "commercial and security reasons" the government is leaving it up to the companies to say whether they participated in Canada's first trade mission to Libya since dictator Moammar Gadhafi was ousted from power in a civilian uprising and killed.

- Canada lifted its sanctions against Libya and re-opened its embassy in Tripoli in September. The embassy staffs a dedicated trade commission service that has been helping Canadian companies identify opportunities in Libya as it reconstructs after months of conflict.

  Fast did say the companies that joined him on the trip are in the oil, gas, transportation, communications, infrastructure, construction and education sectors and that they had a "very productive" trip.

- "Trade is a critical dimension of our partnership with a new Libya. That's what this trade mission was all about," Fast said in a teleconference from Rome after finishing the trip.

  He and representatives of Canadian businesses met with local business leaders and a number of government officials. Fast said forging new business ties will benefit both countries.

  "By working with local partners, Canadian firms will create jobs and prosperity for Canadians and Libyans alike," he said.

- ### Trade talk comes amid human rights concerns

  But Canada's push for more trade and investment in Libya comes amid recent reports of torture by Libya's interim government.

  The rights watchdog Amnesty International and Doctors Without Borders (also known by its French name, Médecins Sans Frontières, or MSF) sounded the alarm last week.

  Doctors Without Borders said it was pulling out of the city of Misrata because some detainees were brought for care only to make them fit for further interrogation.

Amnesty said several detainees have died after being subjected to torture in recent weeks and months, and cited wide-spread, ill-treatment of prisoners who are considered Gadhafi loyalists.

- Canada expressed its displeasure over the reports through diplomatic channels in Ottawa and Tripoli and Fast said on Monday that he has personally raised the human rights concerns in his discussions with Libyan officials.
- **'Libya is not a perfect world.'**—*International Trade Minister Ed Fast*
- "I can assure you that I have raised that issue, in fact I have raised that issue on more than one occasion with my counterparts in Libya," he said.

Fast said he has been assured by Libyan government officials that they take their responsibility to uphold human rights and ensure detainees are treated in accordance with international law "very seriously."

"Libya is not a perfect world. They are undergoing a remarkable transition from tyranny to democracy," he said. "That is going to take a lot of hard work and it's going to take a lot of hard work from the international community, including Canada, to assist them to transition into a country where these basic human rights are respected and where there is a robust human rights regime."

- Fast, who will accompany Prime Minister Stephen Harper on his upcoming trip to China, said he impressed upon his counterparts that Canada expects Libya to respect human rights.

"We always let our trading partners know we will never compromise Canadian values," he said, referring to human rights and the rule of law.

Fast said the security situation is still "fluid" in Libya and that Canadian businesses interested in getting involved there as it rebuilds its economy should check Canada's travel advisories.

He said he believes the Libyan government is very keen to create a business-friendly environment and that he was encouraged by what he saw during his trip.

Commerce trumps human rights in Canada's global agenda: critics
http://www.vancouversun.com/news/Commerce+trumps+human+rights+Canada+global+agenda+Critics/6074401/story.html

- # Commerce trumps human rights in Canada's global agenda: critics

By Lee Berthiaume, Postmedia News January 30, 2012

- ## A lack of personnel on the ground left Canadian diplomats relying on six-month-old reports to guide this country's response as Tunisian security forces killed and arrested pro-democracy protesters last year, internal Foreign Affairs Department emails show. Pictured, Nejib Chebbi, head and founder of Tunisia's Progressive Democratic Party (PDP), flashes the victory sign during a demonstration in Tunis January 28, 2012 to defend democracy and freedom.

  ### Photograph by: Zoubeir Souissi, Reuters

- OTTAWA — A lack of personnel on the ground left Canadian diplomats relying on six-month-old reports to guide this country's response as Tunisian security forces killed and arrested pro-democracy protesters last year, internal Foreign Affairs Department emails show.

The documents, obtained by Postmedia News through access to information, highlight concerns among some that in the Conservative government's drive to prioritize commerce and trade in Canada's international agenda, other aspects of diplomacy like political and human rights monitoring are suffering.

- On Dec. 30, 2010, U.S.-based pro-democracy group Freedom House contacted the Foreign Affairs Department in Ottawa asking whether Canada would be issuing a statement on the "ever-worsening situation" in Tunisia.

At that point, antigovernment demonstrations, which started when a 26-year-old vegetable vendor set himself on fire to protest the country's high unemployment rate, had been raging for more than two weeks.

Several protesters had been killed and hundreds more injured and arrested as Tunisian police and military personnel used violence to quell the uprising.

- Likely because of the New Year's holiday, Canadian diplomats in Ottawa didn't begin discussing the issue until Jan. 4, 2011. At one point, one asked for any reports related to the human rights situation on Tunisia.

"For the moment we are monitoring the situation," responded another official. "We haven't received human rights report from mission on this situation (no political officer in Tunis)."

Instead, the official wrote that "we have a report prepared earlier in June on the overall (human rights) situation." The same official repeated the line three days later when told then-foreign affairs minister Lawrence Cannon's office was looking for some background on the situation in Tunisia.

- The emails also show Canadian diplomats were closely monitoring what the U.S. and European Union were saying about the situation, which was a key factor in Canada's own response.

In one email, officials noted that neither the U.S. nor the European Union had issued statements about the situation in Tunisia.

"Given that like-minded (allies) have not issued statements and the time lag since events, we do not see a strong rationale to issue something now," one wrote. "Please keep us posted should you hear of further developments."

- The emails indicate that over the next week, Canadian officials took particular note of U.S. and European responses to the situation, with an official in British Foreign Secretary William Hague's office emailing Hague's statement to Canadian diplomats on Jan. 11, 2011. Canada's first official comment raising concerns about the uprising and violence in Tunisia came the next day.

A spokesman in Foreign Affairs Minister John Baird's office said a political officer was eventually assigned to the Canadian Embassy in Tunis on a temporary basis on Jan. 21, 2011 and remained in place until April 1, 2011. A permanent political officer was deployed in August, Rick Roth added.

- Roth downplayed the significance of there being no political officer during the first month of the uprising in Tunisia.

"The Canadian ambassador in Tunisia is a seasoned political officer and provided detailed analysis of the situation in Tunisia before, during and after the Tunisian revolution," Roth wrote in an email.

"Other regionally based missions provided reporting support throughout North Africa during the unrest."

But Tunisia isn't the most recent country where Canada has chosen not to post diplomats who specialize in human rights and political issues.

- When the Canadian Embassy in Libya reopened in September following months of civil war, Ambassador Sandra McCardell's small team was made up of an expert on commercial law and contracts and a trade commissioner.

According to the Foreign Affairs Department website, that situation remains unchanged — even as Amnesty International and Doctors Without Borders raised concerns last week that hundreds of prisoners are being tortured by Libya's new rulers, which was helped to power by Canada.

At the end of a three-day trade mission to Libya on Monday, International Trade Minister Ed Fast highlighted the work Canadian companies and diplomats are doing in the North African country.

- "Since last September, we have had our trade commissioners on the ground in Libya," he said. "And those trade commissioners are focused on re-establishing and expanding existing business connections and building new commercial relationships to support Libya's reconstruction in the year's ahead."

When asked about the allegations of torture, Fast said he had personally raised the issue with his Libyan counterparts and said the government remains concerned about the reports.

"We as Canadians, as the Libyans transition from tyranny to democracy, do expect the transitional government to comply with basic human rights," he said. "And to respect international standards and laws."

- Alex Neve, head of Amnesty International Canada, said human rights are at the heart of the Arab Spring and everything that is happening in Tunisia, Libya and the region.

"Therefore, it's so crucial that as Canada develops its strategies and puts personnel in place across the region," Neve said, "that we prioritize putting personnel on the ground who are going to have clear responsibility for analyzing and understanding human rights developments in the area."

Former Canadian ambassador Paul Heinbecker said the Conservative government has demonstrated over the years that it sees non-trade diplomats as being less important to Canada than those tasked with pursuing economic and commercial opportunities.

- "There's almost a disposition to think that political officers are of no value," he said of the government. "They don't see the role of diplomacy and the integrating role of a political officer in a mission abroad."

In recent years, numerous diplomats have quietly complained about a lack of resources as the government fences off funding for priority projects and areas such as trade at the expense of other areas. With the government warning of deep budget cuts in the coming budget, Heinbecker worried Canada's foreign service will be even less able to keep up with political and human rights reporting.

"The record on this government is poor on diplomacy," he said. "They've been cutting out of the core diplomacy budget."

Libya: TNC releases anti-democratic draft electoral laws

http://www.wsws.org/articles/2012/jan2012/liby-j13.shtml

- ### Libya: TNC releases anti-democratic draft electoral laws

By Will Morrow
13 January 2012

- Libya's self-appointed Transitional National Council (TNC) last week released draft laws governing elections scheduled later this year for a "General National Congress."

The Congress is supposed to elect a new government to replace the TNC, and draft a new constitution to be put to a referendum. The deeply anti-democratic draft electoral laws make clear that the new governing body, like the NATO-installed TNC, will be carefully vetted by the US and European imperialist powers and will represent different regional and tribal elite cliques against the interests of the Libyan people.

- The draft legislation features provisions preventing people nominating themselves as candidates for the Congress. Libyan workers are blocked from participation by the requirement that candidates must have a "professional qualification." Virtually everyone who worked at any level of Moammar Gaddafi's former government is barred, unless they can demonstrate "early and clear support for the February 17th revolution." Those with an academic degree in Gaddafi's "Third Universal Theory" or Green Book—previously required by many people to advance their careers—are ineligible.
- Other statutes reportedly disqualify people who allegedly benefited monetarily from the regime or received diplomas or university degrees "without merit." Massaoud El Kanuni, a Libyan lawyer specialising in constitutional law, told the *Wall Street Journal*: "That criteria could be used against three-quarters of the country. How are we going to follow a path of national reconciliation if so many people are excluded from [the country's] future?"

- The electoral laws underscore the fraudulent character of the efforts to provide a democratic veneer to the NATO intervention. From the beginning, the US and European powers aimed to oust the Gaddafi regime and install a pliant administration to secure control of the country's lucrative oil reserves and bolster their geostrategic position in North Africa.

The TNC largely comprises ex-Gaddafi regime figures, Islamist elements, CIA assets and tribal leaders. On December 17, the *Guardian*'s Tripoli correspondent reported: "The TNC refuses to say who its members are, or even how many there are. Although it appointed a cabinet last month, policy decisions are taken inside what amounts to a black box. Meetings are held in secret, voting records are not published, and decisions are announced by irregular television broadcasts. Typical was last week's announcement, which came out of the blue, that the oil and economy ministries would be moved to Benghazi, and the finance ministry to Misrata."

- These moves sow the seeds for the further fragmentation of Libya, as rival regional and tribal cliques vie for power and control over the country's wealth.

Different militias that served as proxy forces for NATO during its regime-change campaign have carved up Tripoli into zones of influence. Military checkpoints separate brigades from eastern Libya, Misrata, Zintan and different ethnic minorities such as the Berbers, with each outfit flying its town or tribal flag in the areas it controls. Islamist brigades, including one led by former Al Qaeda ally Abdel Haqim Belhaj, who claims authority over Tripoli, are also prominent. Firefights have erupted between militias in recent weeks, including a clash on January 3, which killed four people.

- The TNC has attempted unsuccessfully to persuade the militias to integrate into the so-called Libyan National Army. The army is little more than another militia, comprising an estimated 200 fighters from eastern Libya. According to the *New York Times*, CIA asset Khalifa Hifter has recently "emerged as the army's most influential officer," though Yousef Al-Manqoush, a former Gaddafi military commander who retired in 1999, is the official head of the force.
- The militias function as mafia-type outfits. A revealing incident occurred on December 10, when Libyan National Army troops failed to capture Tripoli's main airport from a militia from the small western town of Zintan. The militia is desperate to control the airport so it can secure a cut of the billions of dollars in previously frozen Libyan government assets. "The glittering prize immediately in prospect is a consignment of several billion dinars, printed in Germany, which is due to be flown into Libya on board five cargo planes," the *Guardian* explained. "Whoever controls the airport when the cash arrives will be able to levy a hefty security fee for delivering it to the country's central bank."

- Ongoing militia clashes may provide a pretext for the TNC to postpone the General National Congress elections, planned for July, and the subsequent vote on a new constitution in 2013. On January 3, TNC chairman Mustafa Abdul Jalil declared that the violence threatened a slide into civil war, warning: "If there's no security, there will be no law, no development and no elections."

Behind the scenes, the scramble for control over Libya's oil continues. Tripoli and Benghazi are nests of intrigue, with the rival imperialist powers vying for energy contracts.

- *Bloomberg* last week published an article entitled, "Italy Last Among Libya Friends for Potential Oil Concessions." It welcomed statements issued by Ali Tarhouni, who served as the TNC's minister of oil and finance between March and November last year. Tarhouni declared that the US and France did not come across as "someone who is basically grabbing" and are "playing it right," while Italy "will take time to figure it out." The former minister pointedly listed Libya's "friends" in the following order: France, the US, Britain and Italy. "We are indebted to the French, and I cannot find the right words to say it," he declared. "If everything else is the same, of course we will remember our friends."
- However, the TNC's current oil minister Abdul-Rahman Ben Yezza is a former executive with Italy's oil corporation ENI, which was the dominant foreign oil firm operating under Gaddafi. Prime Minister Abdel Rahim al-Kib issued a statement in late December declaring that "contracts signed between ENI and the former regime are going to be reviewed and re-examined to meet Libya's interests before being executed," adding that ENI had to prove its loyalty to Libya by "playing a significant role in the reconstruction of the cities destroyed by Gaddafi's forces." Yezza was reportedly involved in the subsequent discussions that resulted in Kib disavowing his criticisms of ENI and insisting that his comments on reviewing oil contracts had been misinterpreted.

UK wooed Gadhafi before Lockerbie bomber freed - World news - Europe - msnbc.com

http://www.msnbc.msn.com/id/41464628/ns/world_news/#.TyGgxsVSR2A

- By Michael Isikoff National investigative correspondent
  NBC News

updated 2/7/2011

- Internal British government documents provide revealing new details about how that country's last two prime ministers — Tony Blair and Gordon Brown — sought to curry favor with Libyan dictator Muammar Gadhafi in an effort to smooth the way for hundreds of millions of dollars in commercial contracts with oil giant BP and two big British defense firms.

Those efforts ultimately prompted Brown's government to "do all it could" to try to win the release of Abdulbaset Ali al-Megrahi, the former Libyan intelligence agent convicted of blowing up Pan Am Flight 103 over Lockerbie Scotland on Dec. 21, 1988, killing 270 people, according to an official British report released Monday.

- "Megrahi's health remains a key high-risk issue. We do not want him to die in a Scottish jail, with the likely negative consequences for our relations with Libya," read a Jan. 22, 2009, memo from the British Foreign and Commonwealth Office to senior officials in Brown's government.

Those "consequences," the documents show, were Libyan threats to cut off several lucrative British commercial contracts, including a $900 million oil exploration deal that BP had signed with Gadhafi's government in 2007 as well as contracts by two big defense firms, General Dynamics UK and MBDA, to provide "tactical communications" and other equipment for an air defense system for Libya.

Megrahi was ultimately freed by the Scottish government in August 2009 on "compassionate' grounds — a decision that was roundly denounced at the time by U.S. officials and families of the Lockerbie victims.

- The report, commissioned by British Prime Minister David Cameron, uncovered no "smoking gun" proving that British officials under Brown or BP directly pressured the Scots to free Megrahi. But it did find that British officials, including Brown, repeatedly tried to mollify Gadhafi over the issue.

Click to read the report and supporting documents

Once they were unable to secure Megrahi's release as part of a prisoner transfer agreement (PTA) with Libya, British officials effectively coached the Libyans on how they could gain freedom for the terrorist by emphasizing to the Scots that he was dying of prostate cancer and had only three months to live.

"We now need to go further and work actively, but discreetly to ensure that Megrahi is transferred back to Libya under the PTA or failing that released on compassionate grounds," reads a Jan. 22 2009 Foreign Office memo.

- **'They cut deals that set the terrorist free'**
  The new disclosures in the report prompted angry reactions Monday from members of Congress who have repeatedly denounced British and Scottish officials for covering up the commercial interests that led to Megrahi's release.

"The U.K. didn't just turn a blind eye to Al Megrahi's release -- they cut deals that set the terrorist free," said Democratic Sen. Bob Menendez of New Jersey, who represents the families of many Lockerbie victims.

- His Democratic colleague, Sen. Frank Lautenberg, added: "The families have suffered long enough and it's time to acknowledge the truth: justice was traded for commercial interests."

As a practical matter, there is little, if anything, that the New Jersey senators or others in the U.S. Congress can do about the issue. Although he purportedly was on his deathbed at the time of his release, Megrahi remains alive today, eighteen months later, living in a luxury villa with his family outside Tripoli. But U.S. officials say there is virtually no chance that the Libyans would ever consent to him being sent back to prison.

- The New Jersey senators, along with Democratic Sens. Charles Schumer and Kirsten Gillebrand of New York, renewed their calls for a new investigation of the release by the British and Scottish governments, but officials in both London and Edinburgh say they have no intention of ordering further inquiries.

Still, the new material is likely to further enrage family members in the U.S. and other critics of the Megrahi decision, if only because it starkly shows how much business interests weighed on the minds of British officials as they dealt with the fate of a man who Cameron told the House of Commons had been convicted of the "the largest mass murder in British history."

The report, by Sir Gus O'Donnell, Britain's most senior civil servant, notes that then British prime minister Tony Blair visited Libya on May 30, 2007, and signed a memorandum of understanding to negotiate a Prisoner Transfer Agreement that would allow the return of Libyan prisoners in British jails.

While there, the report notes, Blair witnessed the signing of an oil exploration and production sharing agreement between BP and the Libyans.

- **Brown turns on the charm**
  When Brown took over from Blair in July 2007, he wrote a warm letter to Gadhafi seeking to ensure that relations stayed on firm ground and that further such business deals were signed.

"Dear Colonel Qadhafi,," he wrote on July 25, 2007, using an alternative spelling of the Libyan leader's name. "I am delighted to write to you as Prime Minister. I look forward to developing a close and productive relationship with you. … I know that your close personal relationship with Tony Blair played a vital role in helping the relationship between our countries develop."

Brown told Gadhafi then that he hoped "we can do more together" in a number of areas, including health care and defense. He also said he hoped Libya would "invest productively through the City of London," and that companies in both countries would strengthen their commercial links."

- Problems began to develop shortly after that letter. In seeking to negotiate the prisoner transfer agreement, the British team at first took the position that Megrahi should be excluded. (British officials had promised the U.S. earlier that anybody convicted of the Lockerbie bombing would serve out their sentence in a British jail.) The Libyans made it clear that they wanted Megrahi to be released and "this issue was … a red line for them" that could jeopardize the pending business deals.

This prompted Brown to write an even more effusive letter to Gadhafi reassuring him of his commitment to maintaining close ties between the two countries.

- "Dear Colonel Qadhafi, I wanted to write to wish you a belated Ramadan Kareem and to wish you and your family well in this holy month," he wrote on Sept. 26, 2007."

Brown went on to promise that the British government was working to "fulfill all the undertakings agreed during Tony Blair's visit in May" and then specifically cited "the early conclusion for contracts" with General Dynamics and MBDA. "Separately, I know that BP look forward to early Cabinet approval of their agreement with Libya so that they can begin many years of mutually productive investment in the development of the Libyan economy."

Brown's letters never mention Megrahi. But according to the report, the Lockerbie bomber became the central issue of tension between Libya and the U.K, and soon prompted Brown's government to reverse its position: It agreed that the prisoner agreement should include Megrahi after all.

- **Former intel official lobbied on BP's behalf**
  One apparent factor: lobbying by BP officials, including Mark Allen, a consultant to the oil giant who had previously served as one of the Britain's top Mideast experts in MI-6, the country's intelligence service.

  A Nov. 19, 2007, document records a meeting that day in which Allen and Michael Daly, chief of BP's exploration division, met with Simon McDonald, Brown's chief foreign policy adviser, and asked "about progress in (Her Majesty's Government) support of the BP contract." Allen "emphasized the financial (material blacked out) and opportunity costs of delay," while Daly "outlined political access (to Brown's government) as a key issue for BP."

  (BP did not immediately respond to a request for comment. But the company has previously told NBC that it never specifically lobbied for Megrahi's release. It said its concerns were "over commercial delays due to the unresolved" prisoner transfer agreement.)

  The British reversal of position on including Megrahi in the prisoner transfer agreement led to yet a third letter from Brown to Gadhafi on Feb. 18, 2009, that once again emphasized the importance of Libya-UK business deals.

  "Dear Colonel Qadhafi, May I wish you, and your family well," the letter reads.

- With no mention of Megrahi, Brown wrote about his hopes to work successfully with Libya "in the field of counterterrorism. … I would like us to draw more on your experience of countering radicalization and do more together in police cooperation."

  After once again mentioning the defense and BP oil deals, Brown also encouraged Gadhafi to invest more in Great Britain, mentioning an upcoming visit to Tripoli by the lord mayor of London. "I therefore hope you and the Libyan Investment Authority will decide to choose London as the site your international investment office," Brown wrote.

  Brown's office did not respond to request for comment from NBC on Monday. But the BBC on Monday quoted him as saying that the report made clear that the release of Megrahi was the responsibility of the Scottish government.

- "When the issue came to me, I took the view, as the report confirms, that the British government should not pressure or attempt to use influence on this quasi-judicial decision of the Scottish minister," Brown was quoted as saying. He cited yet a fourth letter he wrote to Gadhafi on Aug. 20, 2009, when it was clear that Megrahi was about to be released.

  In that letter, also reprinted in the report, Brown reminded Gadhafi that when they met the previous month at a G8 summit, he stressed that the release of Megrahi "should be a purely, private, family occasion. A high profile return would cause further unnecessary pain for the families of the Lockerbie victims. It would also undermine Libya's growing international reputation."

- That very day, Megrahi flew back to Tripoli aboard a Libyan government provided jet accompanied by Gadhafi's son and was greeted at the airport by several hundred cheering people. The images of the hero's welcome for Megrahi embarrassed U.K. and Scottish officials and were denounced by family members of the victims and Obama administration officials.

  Megrahi has not been seen in public since.

Something's Fishy in Tripoli
http://oilprice.com/Energy/Energy-General/Somethings-Fishy-in-Tripoli.html

- it was announced in November that Abdulrahman Ben Yezza was appointed as the new Libyan oil minister? He's the former chairman of Eni Oil Co., a joint venture between the Italian energy company and Libya's National Oil Corp.

AFP: Libya says no review of ENI oil and gas deals
http://www.google.com/hostednews/afp/article/ALeqM5i7EWeMSSL5RsNpYTeVJa9rxTEFQA?docId=CNG.68549e5b7090410afa9fad1feb23abf1.7a1

- Libya says no review of ENI oil and gas deals

  (AFP)

- TRIPOLI — Libya on Sunday clarified that the review of contracts of Italian oil major ENI signed with the previous regime of Moamer Kadhafi will not involve its oil and gas deals.

  "To avoid confusion, the ventures to be reviewed and revised are sustainable development projects listed in the memorandum of understanding between ENI and Libya," a statement from the prime minister's office said.

  "Oil and gas agreements are not affected" by the review, the statement added.

  On Thursday, a statement quoting Prime Minister Abdel Rahim al-Kib had said that Libya will review its contracts with ENI, triggering reports that the oil and gas deals of the energy major would also fall under the review.

  According to that statement, Kib informed ENI Chief Executive Officer Paolo Scaroni that "the contracts signed between ENI and the former regime are going to be reviewed and re-examined to meet Libya's interests before being executed."

  Soon after Kib's statement an ENI spokesman told AFP that the contracts Kib's office was talking about were unrelated to the Italian firm's oil production activities.

"The two contracts are linked to social initiatives and have nothing to do with oil," the spokesman said.

- In December, Scaroni said in Doha it was "unthinkable" that his company's existing contracts would be changed by the new Libyan authorities.

  But on Thursday Kib said that foreign companies, including ENI, have to prove their loyalty to Libyans by "playing a significant role in the reconstruction of the cities destroyed by Kadhafi's forces."

  Kadhafi's ouster has created opportunities for companies hoping to see a redistribution of oil contracts to the benefit of countries which took part in the military campaign to overthrow the long-time dictator, threatening existing contracts.

  ENI has resumed production of about 70 percent of its pre-conflict output in Libya, of around 200,000 barrels per day.

  The company has been in Libya -- a former Italian colony -- since 1959 and is the biggest foreign energy producer in the oil-rich North African country.

  Italian Prime Minister Mario Monti is visiting Tripoli on January 21 with the aim of reviving a bilateral friendship treaty, signed by Kadhafi and Monti's predecessor Silvio Berlusconi, that was suspended during this year's conflict in Libya.

AFP: Libya to review contracts with Italian oil major ENI

http://www.google.com/hostednews/afp/article/ALeqM5gmjq83aI_d7NFYIXtWHKjkw0GyRw?docId=CNG.008f37e075e8246666ba7f1fd81b17b7.301

- Libya to review contracts with Italian oil major ENI

  By Jay Deshmukh (AFP)

- TRIPOLI — Libya on Thursday said it will review its contracts with Italy's ENI and insisted the oil major participate in reconstructing cities destroyed by Moamer Kadhafi's forces in the conflict.

  The decision to review the contracts was communicated to the Italian firm's Chief Executive Officer Paolo Scaroni on Wednesday by Prime Minister Abdel Rahim al-Kib during a meeting, the statement from Kib's office said.

  Kib informed Scaroni that "the contracts signed between ENI and the former regime are going to be reviewed and re-examined to meet Libya's interests before being executed," the statement said.

  Earlier this month, Scaroni said it was "unthinkable" that his company's existing contracts would be changed by the new Libyan authorities.

  ENI signed a deal with Libya's National Transitional Council in August to resume its crude oil production in Libya.

  Kib said in Thursday's statement that the new Libya "will not accept any projects that are dictated to it," adding that Tripoli "will have an effective role and say in the choice of the projects and their approval."

  An ENI spokesman when contacted by AFP said the contracts Kib's office was talking about were unrelated to the Italian firm's oil production activities.

- "The two contracts are linked to social initiatives and have nothing to do with oil," the spokesman said.

  Kib further said that foreign companies operating in Libya must prove their loyalty to the people of the North African country.

  "Foreign companies that worked in Libya have to prove to Libyans that they were partners of Libya and not of Kadhafi and his regime. ENI has to prove that by playing a significant role in the reconstruction of the cities destroyed by Kadhafi's forces," the statement quoted Kib as saying.

  Kadhafi's ouster created opportunity for companies hoping to see a redistribution of oil contracts to the benefit of countries that participated in the military campaign to overthrow the long-time dictator, threatening existing contracts.

  But Scaroni said on December 8 that he was not concerned about the issue.

  "I have to tell you that I've never been concerned about that. First, all the Libyans contracts, including ours, are long term contracts assisted by international arbitration," the ENI chief said at the World Petroleum Congress in Doha.

- "I think it's unthinkable for any oil country, including Libya, to change these legal mechanisms and therefore I don't see how these contracts can be changed," he added.

  "Second, the priority for Libya of course is to restart production as soon as possible, to get back as soon as possible to previous production and possibly more," Scaroni said.

  Kib said on Thursday that he regretted the "negative position of the majority of oil companies working in Libya towards the revolution of the Libyan people against the tyrant's regime."

  "These companies had big opportunities to help the Libyans in the revolution but did not do it," he said without elaborating.

  ENI has resumed production of about 70 percent of its pre-conflict output in Libya, of around 200,000 barrels per day.

  The company has been in Libya -- a former Italian colony -- since 1959 and is the biggest foreign energy producer in the oil-rich country.

  Italian Prime Minister Mario Monti said Thursday he would visit Tripoli on January 21 with the aim of reviving a bilateral friendship treaty, signed by Kadhafi and Monti's predecessor Silvio Berlusconi, that was suspended during this year's conflict.

Land Destroyer: New Libyan "PM" is Big-Oil Goon

http://landdestroyer.blogspot.com/2011/11/new-libyan-pm-big-oil-goon.html

- **Tuesday, November 1, 2011**

  New Libyan "PM" is Big-Oil Goon

  Meanwhile, rebels turn guns on each other turning Tripoli into a war zone, again.
  by Tony Cartalucci

  Correction*: Abdurrahim el-Keib is replacing Mahmoud Jibril as "PM" of Libya, not Mustafa Abdul-Jalil as previously stated. This was a typo, the link associated with "Jalil" incorrectly, does in fact cover Jibril's visit to Washington D.C. during the NATO backed war in Libya.*

- **November 2, 2011** - Associated Press recently reported that Libya's rebel militants have named a new "prime minister" this week. AP depicts the latest unelected Western proxy, Abdurrahim el-Keib, as a progressive academic who has spent decades in the United States teaching at Alabama University and leading the local Muslim community. Mentioned briefly as a "former employer," however, is the Petroleum Institute, based in Abu Dhabi, UAE and sponsored by British Petroleum (BP), Shell, France's Total, the Japan Oil Development Company, and the Abu Dhabi National Oil Company. El-Keib is listed as a "Professor and Chairman" in his Petroleum Institute profile which also describes extensive research conducted by him sponsored by various US government agencies and departments over the years.

Photo: And so begins the farce that is Western "democracy." One corporate-fascist puppet Mahmoud Jibril , steps down, another, Abdurrahim el-Keib, takes his place. In reality, it is [NATO-states and their corporate sponsors]() that now determine Libya's fate. Pictured above, el-Keib poses with Mustafa Abdul-Jalil, chairman of the unelected, NATO-backed "National Transitional Council."

- In essence, el-Keib, [like his predecessor Jabril](), is Libyan in name only and has been working for Western corporations, governments, and institutions for decades. Like Jabril, or [Egypt's Mohammed ElBaradei](), el-Keib is yet another agent of Western interests masquerading as an indigenous leader in a foreign land. That his rise to power was paved by thousands of NATO strike sorties in a 7 month military operation spearheaded by the United States and at the cost of tens of thousands of Libyan civilians makes his ascension to power in Libya ever more a desecration of Libya's sovereignty.

  Meanwhile, [the London Telegraph reports]() NATO-backed rebels turned their weapons on each other yet again in Tripoli, with hundreds of fighters exchanging fire near a hospital after one armed faction tried to murder a patient they had injured the night before. The report also cites a growing list of atrocities being committed by rebel fighters before noting the "unprecedented" nature of NATO's "victory" in Libya.
- While the corporate media attempts to plea ignorance over the growing body of evidence suggesting indeed both NATO and the rebels committed the very atrocities they accused Qaddafi of committing as a pretext for their half-year long murder spree, it has been well documented since fighting began in February that the rebels, far from being pro-democratic fighters, were actually Al Qaeda affiliated Libyan Islamic Fighting Group (LIFG) militants with a long history of terrorism and barbarism. It has also been extensively documented that these rebels have verifably killed US and British troops in both Iraq and Afghanistan over the past 10 years, as noted by [a West Point Combating Terrorism Center report]().

  Despite this, US representatives, [including Senator John McCain, have personally met with LIFG militants]() praising them as heroes who have "inspired the world." Alarmingly, McCain made his remarks in Tripoli even as rebels publicly declared their intention to purposefully cut off supplies and medical aid to the population in Sirte [to admittedly "starve the city into submission]()" with NATO assistance - a grievous war crime.

  Words cannot describe the injustice being brought upon Libya, the level of duplicity it was carried out with, and the flagrant looting the nation is now being subjected to by NATO's member states, facilitated by the latest unelected, decades-long servant of Western interests now masquerading as the nation's new "interim prime minister."

[Libya: The New Energy Superpower | STRATFOR]()
http://webcache.googleusercontent.com/search?q=cache:RL10lLGjTD8J:www.stratfor.com/analysis/libya_new_energy_superpower+STRATFOR+Libya:+The+New+Energy+Superpower&cd=1&hl=en&ct=clnk&gl=ca

- # Libya: The New Energy Superpower

  December 10, 2007
- MAHMUD TURKIA/AFP/Getty Images

  Shukri Ghanem, head of Libyan National Oil Corp.

  Summary

  Four natural gas exploration contracts signed by the Libyan government Dec. 9, the first greenfield projects in the country since the 1970s, mark the beginning of Libya's rise to **energy superpower** status.
- Analysis

  The Libyan government reached natural gas exploration deals Dec. 9 with Royal Dutch/Shell, Gazprom, Sonatrach and Polski. The deals, representing the first series of greenfield projects in the country since the 1970s, mark the beginning of Libya's transformation into an **energy superpower**.

  The four **energy** companies offered the best terms to the Libyans, including big signing bonuses and an agreement by each to hand over almost all their output to the Libyan government. Gazprom, for example, will cede 90 percent of its output to Tripoli, while Sonatrach will hand over 87 percent.

  These offers include unprofitable terms, which probably will prevent the companies from breaking even on the deals. Even so, the companies were willing to enter the deals because of [Libya's **energy** potential]() at a time when there are few **new** oil and gas fields available for exploration anywhere.
- Despite the significance of the Dec. 9 contracts, the agreements themselves essentially represent teasers. The four fields awarded cover relatively small chunks of a country where 90 percent of the territory has yet to be explored. The greater concern, therefore, is whether the terms reached Dec. 9 set a **new** precedent for Tripoli in negotiating future oil and natural gas projects. With **Libya** reaching deals with non-U.S. **energy** companies, this concern will weigh particularly heavily with the U.S. **energy** consortium of Marathon, ConocoPhilips, and Amerada Hess, all of which have been absent from **Libya** since 1986. The U.S. firms are eager to get back in and restart operations, and are concerned they will be shut out down the road should they be unwilling to reach the kinds of terms Shell, Gazprom, Sonatrach, and Polski did Dec. 9.

Libya so far has demonstrated that it can obtain steep terms for limited access to its essentially untapped **energy** supplies. Tripoli might only achieve this a few times, however, before the **energy** majors demand that the big prizes come up for negotiation, and the majors are not likely to bid knowing they will take a loss. Petro-Canada could be the test case involving big projects, as it announced Dec. 10 it plans to negotiate a $7 billion **energy** production-sharing deal with the Libyan National Oil Corp. Terms of that deal are expected to be ratified in 2008. Regardless of the final contractual terms when the real prizes come up, these are good times for Libyan leader Moammar Gadhafi.

[Canada in Libya: Democracy or oil? - thestar.com](http://www.thestar.com/opinion/editorialopinion/article/1094566--canada-in-libya-democracy-or-oil)
http://www.thestar.com/opinion/editorialopinion/article/1094566--canada-in-libya-democracy-or-oil

- Canada in Libya: Democracy or oil?
- Tue Nov 29 2011
- Peter Fragiskatos
- In September, as it became clear that the regime of Moammar Gadhafi was on its last legs, Stephen Harper expressed his hope that Libya would make a transition to democracy once the inevitable materialized. He also pledged that the Canadian government would assist in this process by supporting efforts to introduce the rule of law, human rights and democratic institutions.
- This was echoed shortly after Gadhafi's death by foreign minister John Baird. Baird spoke about the role Canada could play in helping the National Transitional Council (NTC) — Libya's new governing authority — write a new constitution and organize free and fair elections.

  Are these mere words or a sign of the kind of role Canada will now play in Libya?

  While we can't read the minds of politicians, looking at their past actions gives us one way to judge the sincerity of their claims. In this case, the Conservative track record on democracy promotion makes it clear that anyone expecting something concrete to come out of the rhetoric in Ottawa shouldn't hold their breath.

  In the 2008 throne speech, the Harper government vowed to create a non-partisan organization that would "support the peaceful transition to democracy in repressive countries and help emerging democracies build strong institutions."
- It is a vision that makes sense and one that could have been the basis of Canada's Libya policy. The emphasis on institutions — parliaments, elections, political parties, a free press and a vibrant civil society — is particularly important. When they work, institutions provide a safeguard against authoritarianism and the instability such forms of rule inevitably give rise to.

  But these promises didn't amount to anything beyond a report. On top of that, the Conservatives disbanded or drastically reduced the power of government agencies that once had the responsibility of promoting democracy at the global level. These include the Office of Democratic Governance and the Democracy Unit. Others, such as the Forum of Federations, lost funding while Rights and Democracy was plagued by partisan divisions due, at least in part, to government meddling. Although these groups often duplicated each other's work and should have operated under the same umbrella, the fact remains that they had the ability to put into practice the government's stated aims. Without their presence, it becomes rather difficult to see exactly how Canada will make good on what Harper and Baird have promised.
- And there is another problem. In his recent visit to Tripoli, Baird was accompanied by an executive from Suncor, Canada's largest oil and gas company. Before the uprising, Suncor was very active in Libya, producing an estimated 50,000 barrels of oil per day. Concerns about security and whether or not the NTC will honour the contracts Suncor had signed with Gadhafi have delayed its return. Yet, that Baird took it upon himself to push Suncor's interests is proof enough that Libya — which holds Africa's largest oil reserves — might represent more for the Harper government than simply a noble calling.

  Libya will need to sell oil again in order to rebuild its society. The technological and financial resources of a firm like Suncor can help restore the pumps that were neglected during the past few months. The problem, however, is that scrambling for oil before ensuring that proper accountability mechanisms are introduced raises the possibility of a renewed authoritarianism.

  Islam isn't responsible for the persistence of tyranny in the Middle East and North Africa. Instead, regimes have been able to stay in power by relying on oil profits rather than taxation — and the democratic demands taxes tend to generate — to fund their brutal security and military forces. This is precisely what happened in Libya under Gadhafi.
- For democracy to take root in the new Libya, the population must know how their oil money is being spent. Transparency International has suggested that the country sign onto the Extractive Industries Transparency Initiative (EITI). This would allow the public to know how much of the state's money is being generated from oil. Oil firms can be a part of the process by making clear the amount of money they have given to the state in order to access Libyan oilfields. There should be no need to twist arms since profits tend to flow much easier in a society that is open and accountable.

  If Canada is serious about helping to establish democracy in Libya, then encouraging a company like Suncor to participate in the EITI is one way to begin but this hasn't happened. Doing so might also help salvage what has become of the Harper government's professed interest in democracy promotion.

  Peter Fragiskatos *holds a PhD in International Relations from Cambridge University and teaches at the University of Western Ontario.*

[Exclusive: Libya vets big fuel import deals in Istanbul - Reuters](http://news.yahoo.com/exclusive-libya-vets-big-fuel-import-deals-istanbul-140822980.html)
http://news.yahoo.com/exclusive-libya-vets-big-fuel-import-deals-istanbul-140822980.html;_ylt=AvGGA2_AapFcxIuVMa6PkEWwag8F;_ylu=X3oDMTRvOHNkbW5jBGNjb2RlA2dtcHRvcDEwMDBwb29sd2lraXVwcmVzdARtaXQDTmV3cyBmb3IgeW91BH-;_ylv=3

- # Exclusive: Libya vets big fuel import deals in Istanbul

  REUTERS *By Jessica Donati | Reuters*
- ISTANBUL (Reuters) - Top oil majors and trading houses met Libyan oil officials in Istanbul this week for their first chance to win multi billion dollar deals to supply fuel needed to keep the new government on its feet.

  Libya plans to purchase nearly three million tons of gasoline alone, worth close to $3 billion at current prices.

  Across a plush hotel lobby, highly focused competing teams from big oil companies such as BP and ConocoPhilips brushed shoulders with Italian, German and Turkish rivals before heading into meetings.
- "Everyone wants to deal with Libya," said one oil man.

  All of Libya's former trading partners were invited. The big companies present were used to dealing with managers hand-picked by Gaddafi, who they say lacked hard experience at the negotiating table and were unfamiliar with many of the logistical details of the trade.

The newly-appointed managers of Libya's National Oil Corporation have been quick to distinguish themselves from their predecessors.

"They haven't come here to mess around. They get here and go straight to the point -- how much and what can you offer," said the head of a team from Italy.

All offers from Istanbul would be reviewed by a committee back in Libya, one member of the NOC delegation said, who declined to be named.

- "We will report back on everything that we have done here and who we have spoken to," he said. "We have to do this for Libya, for the thirty thousand people who died in the revolution and all the years of suffering."

Oil traders said the Libyans had refused all invitations to lunch or dinner and kept to a tight schedule.

"Before, everything was done under the table and with bribes. Now I haven't heard anything about bribes and tenders are being used to buy and sell," one said.

"Even those that were corrupt before would not think of doing anything wrong now," the Libyan delegate said.

Around 15 managers from the NOC have been sacked for supporting Gaddafi or engaging in corrupt activities, he said, but added no one in Libya's oil sector could escape working with the autocrat and his children.

- FLEXIBLE FINANCING

International trading company Vitol pioneered the supply of vital fuel to the Libyan rebels in the earlier stages of the war. Trafigura, one of its leading peers, was present in Istanbul, hoping to sell gasoline.

But smaller traders were present too, like BB Energy which supplied several cargoes of fuel during the conflict.

Contracts were expected to be divided between the largest refiners in the Mediterranean. NOC aimed to secure supply from a diversity of sources at the best price, and firms would be pressed to bring their proposals into line.

"Companies that played a big part during the war think they should be big players now, but that's not how it is going to work," warned the head of Libya's delegation Fathi Rajab. also head of marketing at Libya's largest refinery of Ras Lanuf.

Sales agreements were likely to rest on open credit terms that a number of companies, including Vitol and rival Glencore, have already offered on previous deals to supply fuel during the conflict, according to traders present.

At the height of its debt with Vitol, the NOC was thought to have owed the trading house close to $1 billion, while its outstanding payments the to Glencore have been estimated at $300-$400 million.

- The NOC team said they had received around 25 offers and planned to draw up a shortlist of companies that would be invited to improve their final proposals in a second round.

These would be submitted on Friday and the final agreements would be sealed by fax. Either by mistake -- or in effort at transparency -- at least one mailing list of invited parties was visible to recipients.

The NOC's fuel bill for the war totaled nearly $1.6 billion the interim oil and finance minister said in October, and close to $1 billion was still unpaid.

A flexible financing agreement is likely to remain a requirement because Libya's oil sector, along with the rest of the country, faces a severe liquidity crisis.

Virtually all of Libya's $170 billion of assets are still frozen in the lengthy process of undoing measures imposed by sanctions.

Queues are growing outside banks and Libya's new central bank governor has said the crisis will persist until the end of the year, when the first shipments of banknotes are due to land.

- As a result, companies' ability to compete will also depend on their means to offer flexible payment terms, with some requiring approval from their respective ministries, while others will have to check with internal regulation.

On the flip side, bargaining over an estimated $6 billion in unpaid fuel exported from Libya at the start of the conflict and still unpaid for will also feature in negotiations.

Traders also expected the reformed NOC to usher in a new era of efficiency, after deals with its eastern subsidiary Agoco, which managed sales and purchases during the war, had been conducted via email.

Previously, oil firms would have been required to send representatives to Libya and reach agreements in person.

The delegation said that Libyan refined oil products were already trickling back into international markets. One straight-run fuel oil cargo had already been exported from Zawiya, while a cargo of LPG was due to load at Mellitah on Friday.

In addition, naphtha and condensate had been exported from the eastern port of Tobruk.

More cargoes were expected to be available for export before the end of the month.

[US, European corporations rush to secure cut from Libyan war](http://wsws.org/articles/2011/sep2011/liby-s26.shtml)
http://wsws.org/articles/2011/sep2011/liby-s26.shtml

- **US, European corporations rush to secure cut from Libyan war**

By Patrick O'Connor
26 September 2011

- Backed by the US and European governments that have spearheaded the military intervention into Libya, transnational corporations are now scrambling to secure lucrative oil deals, construction contracts, export opportunities and other profit-making openings in the war-ravaged North African state.

The *New York Times* last Thursday reported that the returned US ambassador to Libya, Gene Cretz, had briefed reporters following a ceremonial flag-raising at the reopened embassy in Tripoli. Cretz explained that about a week after the so-called rebel fighters had won control of the Libyan capital, he participated in a State Department conference call involving executives from about 150 American companies interested in the new opportunities created by the NATO-led bombardment.

- "We know that oil is the jewel in the crown of Libyan natural resources," Cretz reportedly later explained to journalists, "but even in Qaddafi's time they were starting from A to Z in terms of building infrastructure and other things ... If we can get American companies here on a fairly big scale, which we will try to do everything we can to do that, then this will redound to improve the situation in the United States with respect to our own jobs."

Cretz's claim that "jobs" will be generated through Libyan contracts is absurd—the real purpose of getting "American companies here on a fairly big scale" is to generate profits. The ambassador's remarks again point to the nakedly colonial character of the US-NATO regime-change operation in Libya. From the outset, the intervention was bound up with the imperialist powers' geo-strategic calculations across North Africa and their economic interests in Libya's oil-rich territory.

- The *New York Times* report on Cretz's statement noted that it was "a rare nod to the tacit economic stakes in the Libyan conflict for the United States and other Western countries." After reporting the ambassador's claim that oil was never the "predominant reason" for the intervention, the *Times* nevertheless admitted that "his comments underlined the American eagerness for a cut of any potential profits."
- The September 15 visit to Tripoli by British Prime Minister David Cameron and French President Nicolas Sarkozy pointed to the intensified scramble among the NATO allies for control of Libya's natural resources.

A week before Sarkozy went to Libya, Medef International, which represents the interests of French companies overseas, convened a conference titled, "The National Transitional Council and its Projects." The event was attended by about 400 senior executives from firms including oil company Total, energy firm GDF Suez and car producer Peugeot, as well as what Reuters described as other "top names in the Paris CAC-40, law firms, architects, the postal service, wheat companies, printers, tobacco firms, and insurance firms." French Trade Minister Pierre Lellouche attended, together with a representative of the NTC.

- Medef International Director General Thierry Courtaigne spelled out what was at stake. Estimating the value of reconstruction opportunities over the next ten years as at least $200 billion, Courtaigne warned: "There will be stiff competition . . . Italian, American, English, so the French package has to be perfectly targeted, prepared and competitive." He made clear that because Sarkozy had led the assault on Libya, French corporations were in a strong position, but he warned against complacency. "It's interesting to see that France is benefiting from a favourable environment after what the president did," he declared, "however, let's be clear the market is not there to be taken but to be won."

Sarkozy's trade minister was no less frank. "The president took political and military risks, and all that creates an environment where the Libyan authorities and the people know what debt they owe France," he declared. "We aren't going to be embarrassed by helping our companies benefit from this advantage."

- A Reuters report on the Medef International event noted: "Some French firms are already doing business with Libya's new rulers. Grain firm Soufflet has signed contracts to supply wheat worth about $22 million and Courtaigne said others like telecommunications provider Alcatel-Lucent and pharmaceuticals firm Sanofi were now working in Libya."

France's Total last Friday announced it was resuming production from an offshore oil platform, about 100 kilometres off Libya's western coast, which it jointly operates with Libya's National Oil Corporation and German firm Wintershall. The Al Jurf platform was shut down in March; before the war it produced around 40,000 barrels of oil per day. It is the first major international oil project to recommence operations since Gaddafi was ousted.

- Last Thursday the European Union announced it was removing sanctions imposed on the state-owned National Oil Corporation, facilitating the resumption of exports to markets in Europe. The EU decided not to unfreeze previously targeted assets of the Central Bank of Libya, Libyan Arab Foreign Bank, Libyan Investment Authority and Libyan Africa Investment Portfolio. Certain exemptions were made, however, including for the release of funds used for "resuming Libyan production and sale of hydrocarbons."

Italian oil giant Eni, the largest foreign oil operator in Libya before the war, is reportedly preparing to resume production. Eni executives signed a "memorandum of understanding" with TNC authorities late last month. The document pledged a joint commitment to "creating the conditions for a rapid and complete recovery of Eni's activities in Libya," as well as "doing all that is necessary to restart operations on the Greenstream pipeline, bringing gas from the Libyan coast to Italy." Eni Chief Executive Paolo Scaroni told the *Wall Street Journal* that every NTC official he had spoken with assured him that the deals worked out with the Gaddafi government were "sacrosanct" and would be upheld.

- Sections of the Italian ruling elite fear being shut out of the unfolding carve up of their former colony, as retribution for Prime Minister Silvio Berlusconi's previous manoeuvres between the Gaddafi government and Italy's NATO allies. However, Eni's position appeared to receive a boost with reports last week that one of its former executives, Abdul-Rahman Ben Yezza, is set to be appointed the NTC's oil minister. "The proposed appointment is also a sign of increasingly cosy relations between Libya's new rulers and Italian oil firm Eni, present in Libya since the 1950s," a Reuters dispatch noted.
- The NTC has several times postponed the announcement of an interim administration, or what NTC spokesman Abdel Hafiz Ghoga has described as a "crisis government." Reportedly, there will be 22 ministerial portfolios and one vice-premier, but selecting candidates has stoked infighting among the disparate forces that comprise the so-called rebel leadership, which includes ex-Gaddafi regime elements, Islamic fundamentalist forces, and various former exiled businessmen, politicians and US intelligence assets.

NATO is continuing to bombard the last remaining anti-NTC holdouts, centred on the towns of Sirte and Bani Walid.

At least 7 NTC militiamen were killed yesterday and more than 150 injured in fighting around Sirte, Gaddafi's home town. The anti-Gaddafi fighters reportedly entered the town centre over the weekend, but have since retreated to the outskirts. *Al Jazeera* reported that they were forced back by heavy resistance, though one fighter told the AFP that he and his men had been ordered to leave on Saturday evening "because NATO has a mission to do there."

- A statement released in Brussels claimed that in Sirte on Saturday, NATO hit 29 armed vehicles, a firing position, two command and control nodes and three ammunition storage centres; on Sunday morning the AFP reported at least another dozen air strikes. The bombardment is no doubt further escalating the war's enormous civilian death toll. According to *Al Jazeera*, a Gaddafi spokesman reported that "several hundred" civilians have been killed in Sirte. Reports are emerging of a terrible humanitarian crisis in the town. One resident, Abdul Nasser Sadiq, told the *Independent* that there was "no food, no electricity, no nothing."

NATO leaders last Wednesday authorised another 90-day extension of its Libyan campaign, raising the prospect of ongoing air strikes and other military operations throughout the rest of 2011, unless the pro-Gaddafi forces capitulate.

The race is on for Libya's oil, with Britain and France both staking a claim | World news | The Guardian
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- # The race is on for Libya's oil, with Britain and France both staking a claim

Rebel leaders dismiss suggestions that firm promises have been made, but supportive countries look set to benefit

- - Julian Borger and Terry Macalister
  - guardian.co.uk, Thursday 1 September 2011

Alain Juppé said it would be 'fair and logical' for France's companies to benefit. Photograph: Jean-Pierre Muller/AFP/Getty Images

- The starting pistol has been fired on bids by Britain and other western powers to secure a slice of the oil prize in Libya when France said it was "fair and logical" for its companies to benefit.

Alain Juppé, the French foreign minister, planted his flag in the sand as the Guardian was told that BP was already holding private talks with members of Libya's interim government.

Libya is a vital energy producer, and BP had previously committed itself to spending more than $1bn on exploration plans under Muammar Gaddafi's government.

Shell was also becoming active before the civil war broke out, as was Total of France, but the conflict over the past few months has brought the country's existing oil production of 1.6m barrels a day – 2% of the world's total – to a halt.

- Rebel leaders had already made clear that countries active in supporting their insurrection – notably Britain and France – should expect to be treated favourably once the dust of war had settled.

But they were anxious to shut down any suggestion that firm promises had already been made to carve up the country's only real wealth-providing industry with foreign powers or companies.

- The new Tripoli government has denied the existence of a reported secret deal by which French companies would control more than a third of Libya's oil production in return for Paris's support for the revolution.

The French foreign minister said he was also unaware of the letter referring to the reported deal, which was dated 3 April and published on Thursday in the French daily newspaper Libération. It purported to show an undertaking by the National Transitional Council (NTC) to reserve "35% of total crude oil in exchange for the total and permanent support for our council".

- The document was addressed to the Qatari government, which Libération described as acting as an intermediary between Libya and France, and says the NTC authorised "brother Mahmoud" to sign the deal with France – a reference to Mahmoud Shammam, the interim government's information minister, according to Libération.

Shammam on Thursday rejected the letter as a forgery. "It's a joke. It's false," he said, according to Reuters, while Juppé said he was unaware of the letter.

But the French foreign minister told RTL radio: "What I know is the NTC said very officially that concerning the reconstruction of Libya it would turn in preference to those who helped it. That seems fair and logical to me."

- Samuel Ciszuk, a Middle East energy analyst with the consultancy IHS Global Insight, also questioned whether the letter may have been a forgery prepared by the Gaddafi regime to discredit the rebels by suggesting they were prepared to hand over the country's riches to foreign companies.

He pointed out that it would be highly disruptive – if not impractical – to earmark a particular part of oil production for one country as that would involve breaking contracts signed in the past with other firms.

"The new government clearly wants to get the oil industry back up and running as quickly as possible, and they know that can be best done with the help of the foreign companies that previously operated them," Ciszuk said.

"Anything that led to further delays in production – and financial income – would not be welcome."

- France's Total was the operator of al-Jurf field in the Mediterranean which has been untouched by war, while ENI of Italy had the most dominant position, producing 273,000 barrels of oil a day.

ENI is also the operator of the 190-mile (310km) pipeline that can carry 11bn cubic metres of gas annually from the Libyan coast to Sicily. This has been inactive for more than six months.

BP has no producing assets, but was just about to drill its first exploratory well before the civil war broke out, while Shell has been employed to try to upgrade an ageing liquefied natural gas terminal.

- BP declined to comment on any discussions with Libya's interim government, but respected industry sources confirmed the two sides are in contact over future oil production.

Chinese and Russian companies also had a significant presence in the country but could face difficulties after being equivocal early on about the rebel plan to unseat Gaddafi.

Abdeljalil Mayouf, an executive at Libyan rebel oil firm Agoco told Reuters: "We don't have a problem with western countries like the Italians, French and UK companies. But we may have some political issues with Russia, China and Brazil."

[Conflict in Libya: U.S. oil companies sit on sidelines as Gaddafi maintains hold - The Washington Post](http://www.washingtonpost.com/business/economy/conflict-in-libya-us-oil-companies-sit-on-sidelines-as-gaddafi-maintains-hold/2011/06/03/AGJq2QPH_print.html)
http://www.washingtonpost.com/business/economy/conflict-in-libya-us-oil-companies-sit-on-sidelines-as-gaddafi-maintains-hold/2011/06/03/AGJq2QPH_print.html

- # Conflict in Libya: U.S. oil companies sit on sidelines as Gaddafi maintains hold

By Steven Mufson, Published: June 10

- It struck some visitors to the Houston office of ConocoPhillips chief executive Jim Mulva as peculiar that he displayed a photograph of himself and Libyan leader Moammar Gaddafi.

They were an odd couple: a veteran of corporate politics at a U.S. oil company and the colonel who had survived four decades of confrontation with the West while maintaining repressive rule over his North African nation.

But the relationship between Gaddafi and the U.S. oil industry as a whole was odd. In 2004, President George W. Bush unexpectedly lifted economic sanctions on Libya in return for its renunciation of nuclear weapons and terrorism. There was a burst of optimism among American oil executives eager to return to the Libyan oil fields they had been forced to abandon two decades earlier. Gaddafi, who had been sanctioned for Libya's role in the downing of Pan Am Flight 103 over Lockerbie, Scotland, also looked forward to U.S. help in reviving his flagging oil production.

Yet even before armed conflict drove the U.S. companies out of Libya this year, their relations with Gaddafi had soured. The Libyan leader demanded tough contract terms. He sought big bonus payments up front. Moreover, upset that he was not getting more U.S. government respect and recognition for his earlier concessions, he pressured the oil companies to influence U.S. policies.

- In late February 2008, Mulva was "summoned to Sirte for a half-hour 'browbeating'" from Gaddafi, according to a U.S. State Department cable made available by WikiLeaks. Gaddafi "threatened to dramatically reduce Libya's oil production and/or expel . . . U.S. oil and gas companies," the cable said.

Now, this troubled marriage and the promise of billions of barrels of oil have been dashed by the fighting and Gaddafi's refusal to relinquish power. Much is at stake; oil industry executives say companies such as ConocoPhillips and Marathon have each invested about $700 million over the past six years. But the U.S. oil companies have been pushed to the sidelines, waiting for the conflict to end.

In 2004, oil giants and Libya had hopes for a new relationship — and new discoveries.

U.S. companies had historically played a major role in Libya's oil development. The Oasis Group — a consortium of ConocoPhillips, Marathon Oil and Hess — and Occidental Petroleum were particularly prominent. Exxon, Chevron and Italy's state-run Eni were also major players.

- They had weathered the 1969 coup when Gaddafi seized power. In 1970, when Gaddafi had threatened to nationalize oil operations, Occidental Chairman Armand Hammer flew to Tripoli for face-to-face negotiations. Each night, he flew back to Paris, where he felt safer. At one meeting, the deputy prime minister put his .45 revolver down on the table. The result: Libya extracted higher prices and a boost in royalties.

That was the beginning of a decade that tilted the balance of power away from oil companies toward oil-exporting countries. Yet it was U.S. government policy in 1986 that finally severed the companies' relations after Libyan agents, in retaliation for a U.S. bombing raid on Tripoli that President Ronald Reagan ordered, set bombs that brought down the Pan Am flight, killing 270 people.

- **2004 deal with U.S.**

When Gaddafi made his deal with Bush in 2004, he had hoped that returning foreign oil companies would help boost Libya's output, which had dipped below 2 million barrels a day after reaching 3 million in the early 1970s.

Moreover, he saw foreign-policy benefits. "Gaddafi has always felt that he was not safe from the United States and that if he has more business, more trade, then things would change," said Ali S. Aujali, a former Libyan ambassador to the United States.

The U.S. government also encouraged American oil companies to go back to Libya. "Back when the sanctions were first lifted," said David Goldwyn, until recently head of international energy affairs at the State Department, "there was from the Bush administration's point of view this promise of economic activity in return for renouncing weapons of mass destruction and terrorism."

- The companies needed little encouragement. Libya has some of the biggest and most proven oil reserves — 43.6 billion barrels — outside Saudi Arabia, and some of the best drilling prospects. Its older fields, which suffered during U.S. sanctions, could benefit from enhanced recovery techniques and be the source of vast new production.

"Oil companies were extremely excited to move into a territory that had been neglected for 20 years," said Geoff D. Porter, a political risk and security consultant specializing in North Africa and the Sahara. He said experts believed that only 30 percent of Libya had been explored and that there was "much more oil to be discovered."

But negotiations were tough, and some companies paid lavishly for the chance to get back in.

A State Department cable in December 2004 said, "Conoco characterized the agreement as 'not good,' but said the company views it as 'dues-paying' in order to return to the Libyan market."

In 2005, the Oasis Group returned to the same fields it had operated 19 years earlier, but only after agreeing to pay $1.3 billion for reentry and a 25-year extension of its concessions over 13 million acres in Libya's Sirte Basin.

- Occidental also rushed back. When Libya put 15 new exploration blocks up for bid, U.S. companies got 11 of them, nine going to Occidental.

Throughout this time, oil prices kept rising, whetting the appetite for greater supplies of Libya's unusually "sweet" and "light," or high-quality, crude oil.

By the time Secretary of State Condoleezza Rice visited in 2008, U.S. joint ventures accounted for 510,000 of Libya's 1.7 million barrels a day of production, a State Department cable said.

- **'Resource nationalism'**

But all was not well. By November 2007, a State Department cable noted "growing evidence of Libyan resource nationalism." It noted that in his 2006 speech marking the founding of his regime, Gaddafi said: "Oil companies are controlled by foreigners who have made millions from them. Now, Libyans must take their place to profit from this money." His son made similar remarks in 2007.

Oil companies had been forced to give their local subsidiaries Libyan names, the cable said. Eni, for example, became Mellita, and the Spanish firm Repsol became Akakoss. Labor laws were amended to "Libyanize" the economy, and oil firms were pressed to hire Libyan managers, finance people and human resources directors.

"Those who dominate Libya's political and economic leadership are pursuing increasingly nationalistic policies in the energy sector that could jeopardize efficient exploitation of Libya's extensive oil and gas reserves," the cable concluded.

Then in early 2008, Sen. Frank R. Lautenberg (D-N.J.) tacked an amendment onto a defense appropriations bill that made it easier for families of the victims of the Lockerbie bombing to go after Libya's commercial assets.

- The Libyan leader was livid, evident in his scolding of Mulva. The equivalent of the deputy foreign minister told U.S. officials that the Lautenberg amendment was "destroying everything the two sides have built since 2003," according to a State Department cable at the time.

The U.S.-educated Libyan oil minister Shokri Ghanem — who recently left Libya and defected from the Gaddafi regime — in 2008 warned an Exxon Mobil executive that Libya might "significantly curtail" its oil production to "penalize the U.S.," according to a State Department cable. By the time Rice visited, however, Libya had negotiated a resolution to the families' claims.

But doing business in Libya remained difficult. "Everything in Libya — everything — had to be approved by Gaddafi or one of his sons," said Nansen Saleri, the founder of Houston-based Quantum Reservoir Impact and former head of reservoir management at Saudi Aramco. ". . . That's one reason we elected not to be involved."

Saleri said that he would like to do business enhancing the percentage of oil recovered from known reservoirs but that he would wait for the political situation to settle down.

- "Just the infusion of new capabilities through Western service companies will stabilize production and increase it," he said. "They have the reserves."

But Libya's oil production has foundered, sagging to about 1.5 million barrels a day by early this year before unrest broke out. The big oil companies, several of which had drilled dry holes, felt that Libya was not making the best exploration prospects available. One major company privately said that it was on the verge of a discovery but that unrest cut short the project.

With the country torn by fighting, the big international oil companies are treading carefully, unwilling to throw their lot behind Gaddafi or the rebel coalition.

Yet when representatives of the rebel coalition in Benghazi spoke to the U.S.-Libya Business Council in Washington four weeks ago, representatives from ConocoPhillips and other oil firms attended, according to Richard Mintz, a public relations expert at the Harbour Group, which represents the Benghazi coalition. In another meeting in Washington, Ali Tarhouni, the lead economic policymaker in Benghazi, said oil contracts would be honored, Mintz said.

"Now you can figure out who's going to win, and the name is not Gaddafi," Saleri said. "Certain things about the mosaic are taking shape. The Western companies are positioning themselves."

"Five years from now," he added, "Libyan production is going to be higher than right now and investments are going to come in."