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Africa: Tripoli Tries Diplomacy Again

January 29, 2008 | 1631 GMT

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Pascal Le Segretain/Getty Images
Libyan leader Moammar Gadhafi

Libya hosted a mini-summit with leaders from Chad, Egypt, Eritrea, Gabon, Mauritania, Senegal and Sudan, media reported Jan. 28. The meeting addressed issues expected to arise at the African Union (AU) Heads of State and Government summit to be held in Ethiopia on Jan. 31-Feb. 1. However, the talks are not likely to put an end to tensions between Chad and Sudan, which are essentially fighting rebel groups that have fed off each other in the porous border region between the two countries, or garner support for Libya's idea of a United States of **Africa**.

Libya has been diplomatically active in trying to resolve conflicts in sub-Saharan **Africa** over the past several years. Aiming to broker a peace deal between Chad and Sudan — as well as one in Sudan's Darfur region — is nothing new for Libyan leader [Moammar Gadhafi](#). However, regardless of Tripoli's **diplomacy**, a resolution to the countries' conflict — which also affects the Central African Republic — is [not likely](#) any time soon. Neither is a solution to the related conflict in [Darfur](#).

Proposing a United States of **Africa** — an organization to succeed the AU — with Gadhafi as its head is another Libyan initiative unlikely to yield success. The Libyan leader first floated the concept in 1999. He could expect strong opposition from leaders of other African powers, particularly Nigeria and South **Africa**, who see themselves as Africa's continental and international representatives. Gadhafi, flush with [cash](#) and recently accepted by the [international community](#), has the means to boost his pan-African vision, but the translation of that vision into reality is very improbable.

Coordinating the election of a new head of the AU Commission is a more realistic move by **Tripoli** ahead of the AU summit. Candidates from Burundi, Gabon, Mauritius, Sierra Leone and Zambia are believed to be in the running to replace former Malian President Alpha Oumar Konare for the post that, with few resources and

limited authority, is little more than ceremonial when it comes to continent-wide leadership.

Regardless of the outcomes at **Tripoli** — or at the AU summit in Addis Ababa — Libya will continue to stake out a position for itself in mediating African conflicts and seeking leadership in sub-Saharan **Africa**.

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Americans Jump Back Into Libyan Oil Market

February 26, 2004 | 1855 GMT

Summary

The White House announced Feb. 26 that it plans to lift its 23-year travel ban on Libya. Washington-Tripoli relations have warmed to the point that outright normalization is in the near future, and the first major U.S. step back into Libya will land U.S. firms at the heart of the North African country's oil industry.

Analysis

White House spokesman Scott McClellan said Feb. 26 that the United States is suspending a ban that prevents U.S. citizens from traveling to Libya -- a policy that has been in place since 1981 in retaliation for Tripoli's sponsoring of militant groups -- and has invited Libya to set up an interests section in Washington to smooth future relations. U.S.-Libyan relations have warmed greatly in recent months, and the time has come for Americans -- and U.S. investment -- to pour back into the country. The Rev. Jesse Jackson, the quintessential unsanctioned U.S. diplomat, is already on a get-to-know-you tour around the country.

The U.S.-Libyan relationship has been improving steadily for more than a decade. Unlike Iran or, until recently, Iraq, in recent years Libya has more or less behaved from Washington's point of view. The final formal obstacles to a full recommencement of normal relations -- agreeing to compensation for the 1988 bombing of Pan Am flight 103 and opening the country to WMD inspections -- were both [wrapped up in 2003](#).

The stage is now set for U.S. firms to return to the country's oil industry with ConocoPhillips, Marathon Oil and Amerada Hess as the largest players. U.S. firms largely were responsible for developing Libya's oil industry in the 1960s and 1970s. Since then, Tripoli has been scrupulous about keeping foreign firms out of the U.S.-built parts of its oil patch in hopes that the Americans would someday come back.

Come back they will. Libyan production suffered greatly in the aftermath of the U.S. government-mandated exodus from Libya in the 1980s, and production has steadily dropped to today's 1.4 million barrels per day -- less than half of its 1970s high. With the investment climate for returning U.S. firms relatively friendly, officials openly talking of privatizing the entire sector and oil fields familiar to U.S. operators, Libya's energy resurgence should be deep and rapid in equal measure.

It also will be sustained. Only about one-quarter of Libya has been explored at all, and because of the U.S. exodus the country has not had access to the past 20 years of technology developed by the oil industry. The U.S. return should radically increase oil production at existing sites, help locate new fields near existing infrastructure and blaze trails throughout the Libyan sector of the Sahara desert. Unlike in similarly recovering Iraq, there is no insurgency to hobble the new developments.

For Marathon, it will be like an adult returning to his childhood swimming hole. Marathon cut its teeth internationally in Libya and will be returning wiser and savvier, with more friends, more skills and more money. It is going to be quite the happy reunion.

The one potential fly in the ointment is Libyan leader Col. Moammar Gadhafi. STRATFOR does not expect Gadhafi to back away from his ongoing rapprochement with the United States, nor from his desire to expand his country's oil industry. But though the broad path is clear, Gadhafi excels at [obfuscating and sowing confusion](#). His government might try to sue U.S. firms for compensation for losses Libya suffered under U.S. sanctions. Such tactics are unlikely to work -- or be sustained -- however, because Tripoli is hoping to secure some \$30 billion in investment by 2010, and Libya explicitly wants it from the Americans.

Canada's Involvement in the Libyan Campaign

March 30, 2011 | 1219 GMT

Summary

NATO is beginning to assume responsibility for operations to enforce the no-fly zone in Libya, with Canadian Lt. Gen. Charles Bouchard in command. Canada has no significant political or economic stake in Libya's future, but Ottawa is using the action in Libya as a way to raise its international profile and demonstrate that Canada is a staunch and reliable ally, not just an economic power.

Analysis

Canadian Lt. Gen. Charles Bouchard has begun to assume full command of NATO operations in Libya to enforce U.N. Security Council (UNSC) resolution 1973. The Canadian government, led by Conservative Party Prime Minister Stephen Harper, was one of the first to call for a no-fly zone in Libya and made the decision to send forces without any perceived hesitation March 18, the day after the UNSC passed the resolution. Its deployment thus far is robust by Canadian standards, including seven CF-188 (U.S. designation: F/A-18) fighter jets -- more than 10 percent of its fighter-jet strength -- one CC-150 Polaris (a military version of the civilian Airbus A310) aerial refueling tanker, two CP-140 Aurora (U.S. designation: P-3 Orion) maritime patrol aircraft and the Halifax-class frigate HMCS Charlottetown. Canada likely also has special operations forces, members of Joint Task Force 2 (JTF2), on the ground in the country collecting intelligence and providing targeting data. JTF2 had already been deployed on the ground in Libya during Canada's Non-combatant Evacuation Operations (NEO) in late February, extracting Canadian diplomats and other civilians when the crisis began.



ALBERTO PIZZOLI/AFP/Getty Images

However, this apparent eagerness to join -- and lead -- operations in Libya belies the fact that Canada has no real stake in the country's future. It has some economic and energy interests in Libya (Canadian company Suncor is exploring and producing in nine concessions in the Sirte Basin), but there is no significant material investment in the Libyan economy on par with that of the Europeans, and no particular relationship, hostile or otherwise, with the regime of leader Moammar Gadhafi. Instead, with these moves, Ottawa is looking to raise its geopolitical profile internationally and demonstrate that Canada is a staunch and reliable Western ally and not just an economic power.

Canada has long viewed itself as an international player and has a history of interventions in support of international security mandates, adopting a policy of "responsibility to protect" as its approach to humanitarian interventions, which is an underlying justification of the current Libya intervention. In addition to participating in several U.N.-mandated peacekeeping operations around the world, Canada deployed forces to the Gulf War in 1991, Croatia and Bosnia-Herzegovina from 1992 to 1995 and the Kosovo War in 1999. It also has been actively engaged in Afghanistan since 2001, deploying ground and maritime forces under Joint Task Force-Afghanistan.

However, its international involvements in recent years have been economic, rather than security-related, certainly since Harper's Conservative party came into power in 2006. Indeed, Harper's foreign policy has largely been economically driven, consolidating Canada's involvements at global economic forums such as G-8 and G-20 summits (which Canada hosted in 2010), NAFTA and APEC, while downgrading previous, Liberal government-era interests, such as promoting stronger ties in Africa.

Ottawa tried to expand this involvement into UNSC membership, but it lost to Portugal in an October 2010 vote. The Harper government was stung by this loss, with its political opposition accusing it of being too narrowly focused in its international involvement to garner vote support at the United Nations. However, while Canada's participation in arguably the top current international issue is a way of bolstering its credentials, given the broad-based Western involvement coupled with UNSC authorization for the intervention, the Canadian government would likely have participated even if it had won UNSC membership.

[Canada's intervention in Libya](#) also comes as the country gears up for national elections set for May 2, with the Conservatives aiming for re-election against a possible opposition coalition led by the Liberal party. The Conservatives are very likely to campaign on Canada's strong international commitments, including Libya and Afghanistan, as well as on a domestic economy that is performing better than most. However, even if the Harper government loses the election, it is unlikely the new government in Ottawa will disrupt these commitments, as Canada's Liberals also have been historically interested in raising the country's geopolitical profile. In the 1950s,

Liberal leader Lester B. Pearson led the first international efforts to establish peacekeeping as a responsibility of the the United Nations, and Liberal governments under former Prime Minister Jean Chretien authorized Canada's participation in Kosovo and Afghanistan (the earlier Progressive Conservative government under Prime Minister Brian Mulroney authorized the Canadian Forces to participate in the Gulf War and the Croatia and Bosnia-Herzegovina missions).

Especially with a Canadian lieutenant general in charge of NATO operations in Libya, Ottawa is likely to continue its involvement in the country while also seeking other opportunities to advance its geopolitical profile internationally.

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China, Libya: A Chinese Telecom's First Step into Africa

January 11, 2008 | 1434 GMT

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Protesters stage a rally in front of the Philippine Senate in October 2007 as the investigation continues on a scrapped national broadband network contract with **Chinese** telecom firm

ZTE Corp.

Summary

Chinese telecommunications equipment company ZTE and Libya's telecom regulator are planning to build the **first**-ever WiMAX wireless commercial data network in **Africa**, **China** Business Net reported Jan. 11. ZTE is a good example of one of China's non-energy firms that has successfully weathered political risk and turbulence abroad.

Analysis

Chinese telecommunications equipment company ZTE and Libya's telecom regulator have signed a letter of intent to build the **first**-ever WiMAX wireless commercial data network in **Africa**, **China** Business Net reported Jan. 11.

ZTE is assisting Libyan efforts to modernize the country's still-developing economy by bringing broadband technology to Tripoli — for a price.

The firm's movements are worth keeping an eye on. ZTE is one of the telecommunications front-runners that Beijing is sponsoring in its bid to nurture internationally competitive **Chinese** telecom players. The company also

is a good example of one of China's non-energy firms that has successfully weathered [political risk and turbulence abroad](#).

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In November 2007, ZTE got burned when its \$330 million contract with the Philippine government was scuppered after the company got caught up in a domestic corruption scandal linked to [opposition attacks](#) against Philippine President Gloria Macapagal Arroyo. However, this setback has not stopped ZTE from diving **into Africa**, where many **Chinese** oil majors have been suffering from [political and militant turbulence](#).

ZTE is using developing markets such as **Libya** as testing grounds for its higher-technology wares while simultaneously beginning to test lower-technology products in developed markets. (The company also has said it plans to sell its handsets in the United States through MetroPCS.) If it continues to prove adept at dealing with uncertainty in markets such as **Libya**, ZTE could soon be leading **Chinese** telecoms' push **into Africa**.

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China's Overseas Expansion Strategy

April 17, 2003 | 1646 GMT

Summary

In the face of maturing domestic fields and voracious demand, Chinese oil companies are moving aggressively to snatch up foreign oil and gas projects, taking them to new parts of the Middle East, Asia, Africa and even Latin America. There appear to be two guiding principles in China's expansion efforts: first, a willingness to accept risk and, second, a willingness to invest in ways that fit Beijing's foreign policy priorities and extend its global influence. China's drive for expansion have fresh impetus as the United States sinks its roots into Iraq and expands its influence over the Middle East and Central Asia.

Analysis

Jiangsu Oilfield Co., a unit of China's No. 2 oil and gas producer, China Petrochemical Corp. (Sinopec), announced April 14 that it signed a pact with Yemen's Energy Ministry to explore an area of about 770 square miles in eastern Yemen for crude oil. The \$10 million project will have two phases extending over three years each, Reuters reported.

The Yemen announcement is the latest in a string of aggressive oil and natural gas acquisitions led by Chinese companies China National Petroleum Corp. (CNPC) and China National Offshore Oil Co. Many of these acquisitions, such as Sinopec's in Yemen, are in riskier markets -- either from a security or political perspective. One of the primary reasons is that it is easier and cheaper for Chinese companies to break into these markets.

That will continue to be the case as Chinese companies strive to join the big leagues. In fact, two interrelated principles will characterize continued Chinese expansion: a lower-than-average aversion to risk, and acquisitions that further Beijing's foreign policy priorities and extend its global influence vis-à-vis the United States.

Thirsty for Oil

At its core, commercial necessities are driving China's foreign expansion. China already is the world's third-largest oil consumer, and its domestic oil demand is projected to double by 2020. On the other hand, many of China's domestic oil fields are in sharp decline. As a result, the U.S. Energy Information Administration estimates Chinese oil imports will jump from 2 million bpd now to more than 8 million bpd in 2015, and Beijing expects the overall share of imports to rise to 84 percent of total consumption by 2030. Foreign acquisition is the quickest way to meet China's needs, as domestic exploration will take years to bear fruit.

[Click here to enlarge the map.](#)

Chinese national security is intimately tied to its ability to fuel economic growth and keep social tensions from erupting. As a result, energy security is a particularly sensitive issue for China, which currently counts on the Middle East for 60 percent of its imports. The buildup to war in Iraq -- and fears of a potential disruption in Persian Gulf crude -- demonstrated to Beijing the danger of that dependence. As China faces the prospect of having to quadruple its oil imports in the next decade, and surveys the potential for disruption in the volatile Middle East, it badly wants to gain more direct control over its imports while diversifying the sources of its crude oil.

The tools for that expansion and diversification are China's three main oil companies, CNPC, CNOOC and Sinopec. Though Chinese companies are the new kids on the block, they can use the size of their home markets for leverage in securing projects. For instance, CNOOC was able to secure natural gas imports from Australia's North West Shelf project for 15 percent less than South Korea and Japan, mainly because the Chinese market for natural gas is so promising.

In most cases, though, Chinese companies have been forced to be less than choosy about the projects in which they decide to invest. Despite some recent advances in places like Kazakhstan, China's oil companies still lack the financial muscle and industry reputation to compete for large projects with the ExxonMobils, ChevronTexacos, BPs and TotalFinaElfs of the world.

The result is investments in somewhat less desirable projects in riskier markets that super-majors might decide to pass over. Chinese companies simply cannot afford to be as risk-averse as their more established competitors. That is not to say, however, that these

projects will not be profitable, as higher political or security risks are balanced by lower costs. Nor does it mean that they won't serve China well in its twin drive to diversify its import base and expand Beijing's geopolitical influence.

CNPC Now Leading the Charge

While Chinese companies are not yet in the same league as the western super-majors, they are ambitious. The chairman of CNPC said earlier this year that he aspires to model the company after ExxonMobil, with the long-term goal of having its overseas operations account for 70 percent of its total production. To that end, the company has been making major overseas acquisitions throughout Africa, Asia, Latin America and the Middle East.

Though it has a long way to go, CNPC is headed in the right direction. In 2002, the company's production outside of mainland China jumped 31 percent to 430,000 bpd, or about one-fifth of the company's total production. And the company expects its overseas production to jump another 65 percent this year to more than 700,000 bpd. Some of that will come through expanded production at current overseas operations, and some through new acquisitions.

At last count, CNPC is engaged in 21 overseas petroleum exploration and development projects in countries including Sudan, Venezuela, Peru, Indonesia, Canada, Thailand, Myanmar, Turkmenistan, Azerbaijan and Oman. The company also has recently picked up concessions in Sudan and Syria.

CNPC domestic competitor CNOOC has the most foreign experience -- having first invested overseas a decade ago -- and continues to expand its foreign portfolio. To that end, the company has budgeted about \$1 billion during 2003 for new exploration activity and overseas acquisitions. In addition, the company is issuing bonds to fund its expansion. CNOOC has reportedly hired Merrill Lynch and Credit Suisse First Boston to underwrite a 10-year bond issue of between \$500 million to \$1 billion, to be taken to the international bond market sometime this summer. Merrill Lynch underwrote a previous \$500 million bond issue that the company might have used to fund various expansions into the Caspian Sea and Indonesia.

Even Sinopec, China's largest refiner, is jumping into the game. In a major advance for Chinese companies, Sinopec and CNOOC last month purchased an 8.33 percent stake each in the giant North Caspian Sea Project in Kazakhstan. This could signal more foreign acquisitions from Sinopec -- such as the one this month in Yemen -- as it takes the initiative in supplying its own refineries with foreign oil.

Chinese companies have compensated for their relative inexperience and limited track record by taking a more open, less risk-averse approach to investing as some of their western competitors. They also are more willing to work with unsavory regimes such as the one in Sudan. This has made them a good fit for picking up assets in the world's more unstable oil markets, and will continue to do so, particularly as political correctness becomes the rule of the day for oil firms operating in visible areas -- Canada's withdrawal from Sudan in favor of China being a case in point.

A Foreign Policy Imperative

Beijing is solidly behind the ambitions of its oil companies, and not just for the obvious reason of needing to ensure that imports are adequate to meet rapidly growing demand and to fuel economic expansion. China's political leadership recognizes that foreign investment, particularly in the oil and gas sectors, translates into geopolitical clout.

With the United States now firmly implanted in Iraq, China will have a new sense of urgency to deepen its influence in other parts of the Middle East, while simultaneously decreasing its dependency on Middle Eastern oil. It also will build on its [expansive influence in North and Sub-Saharan Africa](#) -- fostered over decades of aid, trade and diplomacy -- with investments in places like Egypt, Libya, Algeria, Sudan, Angola, Cameroon and [Nigeria](#).

While Chinese companies will go head-to-head with western oil firms in many of these countries, they also will be more willing to make onshore investments -- always a risky proposition in Africa. Beijing also will seek to take advantage of deteriorating relations between the United States and countries in Latin America such as Venezuela and Argentina. Investments in all of these regions should dovetail nicely with the economic necessity of seeking lower-cost projects in higher-risk areas.

The Chinese investments in Yemen and Kazakhstan this year have significant geopolitical overtones, as the United States increases its footprint in Central Asia and frets over the future of Yemen. Another recent investment has even deeper geopolitical undertones: In March, CNPC signed a 25-year production-sharing agreement with state-owned Syrian Petroleum Co., in which CNPC will develop Syria's northeastern Kebibe field, which is less than 20 kilometers from Iraq's border. CNPC will make an initial investment of \$3.5 million, with a

future expected investment of \$105 million that should raise the field's capacity from 4,500 bpd to about 10,000 bpd.

China will seek and support projects -- such as the [proposed pipeline](#) connecting Russia's Angarsk oil fields to China's Daqing field -- that have strong justifications from commercial, supply security and geopolitical perspectives. At the same time, Chinese companies -- at the behest of their government -- might particularly target countries with significant geopolitical importance to the United States, such as Syria, Iran, Yemen, Nigeria and Venezuela. Doing so immediately enhances China's influence over those states, translating into a mechanism with which Beijing will hope to constrain the United States while projecting its own power. And to the extent that countries see China as a buffer to potential U.S. aggression -- limited as that currently is -- or at least an alternative to total U.S. domination, the Chinese and their money will be welcomed with open arms.

Dispatch: Canadian Support for the Libya Intervention

March 28, 2011 | 1843 GMT

Analyst Mark Schroeder examines the domestic and international political reasons behind Canada's support of operations in Libya.

Editor's Note: *Transcripts are generated using speech-recognition technology. Therefore, STRATFOR cannot guarantee their complete accuracy.*

Canadian Lt. Gen. Charles Bouchard was recently selected by NATO to head up the allied military operations in Libya. The purpose of our Dispatch today is to examine Canada's interest in support of the allied military intervention in Libya.

For the Canadian government, there was no hesitation when it authorized the Canadian forces to intervene in support of coalition military efforts in Libya. And on March 18 the Harper government authorized the Canadian military to participate and this includes the CF-18s, the CP-140s, HMCS Charlottetown and other ground forces. Now why is Canada supporting this U.N. Security Council no-fly zone over Libya?

Canada doesn't have any significant material stake in Libya, has no particular energy interests there or any particular regard or lack of regard for the Gadhafi regime. But Canada's motivation to support this military intervention in Libya is to be seen in light of its relations with the United States and with Europe primarily. The Harper government in Canada wants to demonstrate that it is a staunch, reliable ally for its primary partners. The Harper government will certainly use its participation in the Libyan war for domestic purposes -- there will be national elections coming in Canada on May 2 and the Harper government will likely be facing a coalition of opposition parties led by the Liberals. The Harper government will very likely show that it's a strong international stakeholder, demonstrated by its robust involvement in Libya. Because of this, the Harper government should be elected for an additional term. But even if the Harper government falls to the opposition Liberals, led by Michael Ignatieff, Canada's participation in Libya is not likely to be disrupted.

Canada has a long history of being involved in United Nations-authorized security missions, peacekeeping missions and interventions elsewhere such as Afghanistan and Kosovo and the Persian Gulf in 1991. In fact, the interventions in Afghanistan and Kosovo were authorized by previous Liberal governments in Canada led by then-Prime Minister Jean Chretien and so even if the Harper government falls to the Ignatieff-led Liberals in Canada, don't expect to see a disruption to Canada's military commitment to the Libyan intervention.

Dispatch: French Support For Intervention in Libya

March 10, 2011 | 2028 GMT

Analyst Marko Papic explains the politics behind France's support of the proposed airstrikes on, and no-fly zone over, Libya.

Editor's Note: *Transcripts are generated using speech-recognition technology. Therefore, STRATFOR cannot guarantee their complete accuracy.*

The French government said on March 10 that it would recognize the Libyan National Transitional Council as the sole representative of the Libyan people. It will soon move its ambassador to Benghazi from Tripoli. This comes as French President Nicolas Sarkozy said he would call for airstrikes against Libyan forces at the March 11 EU Council meeting.

France has been one of the most vociferous supporters of a no-fly zone in Libya. However, the issue for French involvement is the capacity of Paris to enforce such a zone on its own. The French aircraft carrier Charles de Gaulle is the only aircraft carrier in the Mediterranean Sea at the moment. However, its (around) 35 aircraft alone would be insufficient to set up the initial zone. Therefore, the question is: To what extent can France enforce the zone on its own?

The logic for the call to an intervention is largely a domestic one for Paris. Initially, France took a lot of criticism for how it responded to the wave of protests in Tunisia and Egypt. France's then-Foreign Minister, Michele Alliot-Marie, took a lot of criticism not only for vacationing in Tunisia by flying in a private jet of a businessman close to the regime, but also for offering the regime help from French security forces in repressing its protesters three days before the Tunisian president fled the country. Sarkozy ultimately had to replace Alliot-Marie with veteran Alain Juppe. The replacement was a considerable embarrassment for Sarkozy and for the French government. Therefore, one aspect of the logic for France's support of a no-fly zone is the compensatory for the earlier lack of clarity on French policy toward change in the Middle East.

Another reason for the support of the no-fly zone is, of course, the French role in EU affairs. With Germany's rising clout in economic and political policy of the eurozone and the wider European Union, Paris wants to maintain its leadership in foreign affairs and any military initiatives of the Europeans. Therefore, leadership on this issue is very important for Paris. Furthermore, what aids Paris in its diplomatic push for a no-fly zone is an actual lack of interest in Libya.

That is not to say France has no interest in the country; it does import 10 percent of its oil from Libya. However, it has nowhere near the level of interest in Libya as its Mediterranean neighbor, Italy, has, which imports about 20-25 percent of its oil from the North African state. Therefore, France has less of a need to hedge its policy toward the Gadhafi regime. It can be far more forceful in supporting an intervention because it is not as worried as Italy about its energy assets and investments in Libya.

Ultimately, Paris understands that no one is going to ask France to enforce a no-fly zone on its own. It is comforted by the fact Germany and Italy are very carefully considering their steps, and France knows that it can essentially support an aggressive interventionist approach without being called to do it on its own. This gives France considerable liberty in how it treats the Libyan situation, and it allows Sarkozy to gain political points at home.

Dispatch: Gadhafi's Forces Gain Momentum

March 17, 2011 | 2005 GMT

Military Analyst Nathan Hughes discusses Libyan rebel forces' inability to mount a meaningful resistance against loyalist forces, as well as the effect this has on the international community's options for dealing with Libya.

Editor's Note: *Transcripts are generated using speech-recognition technology. Therefore, STRATFOR cannot guarantee their complete accuracy.*

Gadhafi's forces are rolling back rebel positions in sustained military operations, simultaneously consolidating control over former rebel strongholds along the western coast while advancing eastward along the Gulf of Sidra.

At the beginning of the month, signs of indecisive skirmishes and a potential stalemate began to emerge between Gadhafi's forces in the west and opposition forces in the east. Since then, loyalist forces have begun to seize the initiative and gain momentum in their operations pushing eastward. As Gadhafi's forces have advanced eastward through Ras Lanuf and to Marsa el Brega, while simultaneously consolidating control over Zawiya, and closing on Misurata in the west. There has been little sign of meaningful military resistance from the rebels. What initially appeared like indecisive thrusts and raids into rebel-held territory are increasingly looking like sustained and decisive assaults backed by armored artillery.

What isn't exactly clear right now is what sort of resistance these forces have faced. Clearly, the rebels have not produced sustained resistance or slowed the advance of Gadhafi's forces. However, it's not clear how much fighting there has been, compared to how much Gadhafi's forces are merely continuing to move eastward and consolidating a route where there has been little resistance at all.

The place to watch right now is the town of Ajdabiya. From there, nothing stands between loyalist forces and the rebel capitol of Benghazi. From here, the road actually splits, running directly to Benghazi, and, also, the rebel-held stronghold at Tobruk. This is the last energy export facility still decisively in rebel hands. It also complicates the battle problem for the rebels, whereas Gadhafi's forces have been advancing eastward on a single axis: the road along the coast. This now gives the loyalist forces the opportunity to advance on two separate axes, and it very seriously complicates the rebel's defensive problem.

Even if Gadhafi does pacify the cities in the east -- and that alone could well take months -- the rebels retain the opportunity of turning to an insurgency, especially now that they've become well-armed with Libyan military supplies. Meanwhile, the international response has gotten more vocal, but the incentive remains to talk big and act small. It's far from clear what military intervention of any sort, or military support of any sort, might actually achieve in Libya. The situation is rapidly evolving, and the rebel defensive lines have already collapsed in many cases. So it's not clear what's to be gained from any sort of actual involvement at this point.

The problem for the international community is that at the beginning of the month, they were beginning to see a split stalemate scenario between east and west or even post-Gadhafi scenarios. The reverse is becoming increasingly possible, where Gadhafi may again return to power and control of the entire Libyan state. And so, the challenge may now be for the international community to backtrack, if they want to be able to deal with the consolidated Libya controlled by Gadhafi once more.

Dispatch: Gadhafi's Influence in Africa

March 2, 2011 | 2041 GMT

Analyst Mark Schroeder examines political and economic ties between Gadhafi's Libya and other African states, and how Gadhafi's ousting may affect them.

Editor's Note: *Transcripts are generated using speech-recognition technology. Therefore, STRATFOR cannot guarantee their complete accuracy.*

One aspect that we at STRATFOR are watching with the fallout from the political strife in Libya is in the rest of Africa, countries that in the last few years have had a relationship with the Moammar Gadhafi regime -- a cash relationship, a commercial relationship, a political relationship -- what those relationships now mean with Gadhafi on the defensive.

Gadhafi over the last several years has really turned strongly to Africa to use the continent as a platform to raise his profile internationally, really desiring to become a global player, and this was a change from earlier years in his regime when he was much more part of the Middle East. But regimes there such as Saudi Arabia took a look at Gadhafi and more or less rejected his as a peer.

Gadhafi has tried to promote his influence in Africa through a couple of ways: one through political involvement in different countries and the second through commercial investments or cash relationships. Politically, Gadhafi has found success in countries on his southern border, basically the countries of the Sahel sub-region. He's been involved in mediating disputes between the governments of those countries of the Sahel sub-region and rebels there. This is where he has found political success.

In terms of his commercial endeavors, Gadhafi has pushed his reach all the way to the southern tip of the continent, and these have been efforts to perhaps buy support and basically hope that he can get favor in return. These commercial relationships have, on the surface, been stakes that a Libyan investment agency called the Libyan Arab African Investment Company has made in prominent corporations or companies, but the stakes have still been relatively small on the global scale. Stakes by the Gadhafi regime have been more on the order of tens of millions maybe \$100-200 million at tops.

Now the question that at STRATFOR we're interested to answer is that with Gadhafi on the ropes in Tripoli, where does this leave these other African countries that have had a deeper relationship with his regime? Gadhafi has an extensive presence in Africa in the Sahel sub-region and throughout sub-Saharan Africa, but, on the other hand, he does not have a domineering influence over these governments, in the Sahel sub-region or elsewhere in Africa. Certainly governments from Ouagadougou to N'Djamena to Khartoum will be especially mindful of what happens to Gadhafi in Tripoli, but they will act to ensure that their own regimes can move on.

Egyptian Involvement in Libya

March 18, 2011 | 1806 GMT

Summary

With its succession crisis resolved, Egypt has taken great interest in the Libya crisis. Egypt has historically exerted strong influence in eastern Libya and is looking to use the current crisis to restore that position. Even if Libyan leader Moammar Gadhafi cannot be removed from power, a de facto split in Libya would allow Egypt to fill the resulting void in the east.

Analysis

[STRATFOR reported in late February](#), early in the Libya crisis, that Egyptian army and special operations forces units were quietly providing weaponry and training to Libyan opposition forces while attempting to organize a political command in the east. In addition, Egypt has been funneling food and medical supplies to the rebel forces. Unnamed senior U.S. officials acknowledged the Egyptian support in a March 18 Wall Street Journal report, saying, "There's no formal U.S. policy or acknowledgment that this is going on" but "this is something we have knowledge of." A STRATFOR Qatari diplomatic source has meanwhile claimed that Egypt is not contributing its bases to the impending NATO-led intervention in Libya.



ARIS MESSINIS/AFP/Getty Images

Egypt's interest in a post-Gadhafi regime is based on the following factors:

- **Preventing a refugee crisis.** Egypt is the logical country for eastern Libyan refugees to flee to in the event of an invasion from the west by Gadhafi's forces. More than 3,000 Libyan migrants have reportedly made their way to the Sallum border crossing with Egypt and remain in refugee camps there. Aid workers estimate that some 40,000 to 100,000 Libyan refugees could rush to Egypt should Gadhafi take the rebel-held city of Benghazi. Egypt is attempting to resuscitate its economy following its own political turmoil and has an interest in containing any fallout from Libya that could increase the burden on the Egyptian state.
- **Labor market.** Libya is a significant market for Egyptian laborers who cannot find work in their own country. The Egyptian Labor Ministry estimates around 1.5 million Egyptians live and work in Libya and send an estimated \$254 million in remittances back home every year. The Gadhafi regime has placed heavy restrictions on foreign workers in Libya in recent years, and the Egyptian government is hoping that a post-Gadhafi government will be more willing and able to absorb its workers.
- **Security concerns.** [Libya's eastern region is a traditional stronghold for radical Islamists](#), including the al Qaeda-linked Libyan Islamic Fighting Group. Though the Gadhafi regime has been largely effective in containing the jihadist threat in Libya, the current chaos opens the door for a jihadist resurgence. Egypt's military-led regime is already on alert for the threat of Islamist militancy spillover from Gaza and has a growing interest in keeping close tabs on jihadist activity in eastern Libya.
- **Energy assets.** Current [oil production in Libya is concentrated in the east](#), though much of that production has been taken offline by the fighting and by staff shortages at energy facilities. Egypt has a strong economic interest in gaining direct or indirect access to these energy assets for its own internal wealth should the opportunity arise.
- **Regional influence.** Having resolved its succession crisis by ousting President Hosni Mubarak, the Egyptian military-led regime is reasserting Egypt's role in the Arab world. It has facilitated talks between Hamas and Fatah in the Palestinian territories, reached out to Syria and coordinated with the Saudis on Iran. In North Africa, Egypt is positioning itself to be the go-to Arab power for the Europeans, who have already taken a [gamble on Gadhafi's ouster](#) and may be committing themselves to a [military intervention with an elusive outcome](#) in the hopes of retaining their energy investments in the country.

Egypt has historically exerted strong influence in the eastern Libyan region of Cyrenaica and is looking to use the current crisis to restore that position. STRATFOR's Egyptian diplomatic sources have insisted over the past couple of weeks that the Egyptian military has been ready to intervene in Libya but has been held back by the United States. It is unclear if Egypt had the logistical capability for a deep military thrust into Libya, or if it ever seriously intended to intervene in the first place. Nonetheless, Egypt benefits greatly from

appearing to be willing to defend the Libyan people against Gadhafi's regime while distancing itself from any military intervention led by the region's former colonial powers in Europe.

Not every power in the region would be happy to see Egypt expand its influence in Libya. Three Arab League countries -- Algeria, Syria and Yemen -- voted against the imposition of a no-fly zone over Libya while Egypt led the call for action. Each of these countries, especially Yemen and its embattled President Ali Abdullah Saleh, fears the precedent that would be set for their own regimes should Gadhafi be forced from office. Algeria and Syria are watching Egypt's revival in the region with particular concern. In late 1977, months after Algeria hastily negotiated a cease-fire to end a border skirmish between Egypt and Libya before Egyptian troops could advance further into eastern Libya, then-Egyptian President Anwar Sadat broke off relations with Algeria, Syria and South Yemen. These were the three countries that most strongly opposed Sadat's early outreach to Israel and feared what an Egypt unrestrained by Israel would do.

Egyptian support for Libyan rebels appears to be limited thus far to armor, training, food and medical supplies. STRATFOR also has received unconfirmed reports that some Egyptian soldiers are fighting alongside Libya's poor-performing rebel forces. There are no signs yet of Egyptian troops massing on the border with Libya, but it remains a possibility as the crisis escalates. Even if the ouster of Gadhafi is not possible -- so far it is doubtful that an air campaign alone will suffice to remove him from power -- a de facto split between western and eastern Libya provides Egypt with an opportunity to reassume an influential position in Cyrenaica.

Europe's Libya Intervention: France and the United Kingdom

March 25, 2011 | 2056 GMT

Editor's Note: *This is the second installment in a five-part series publishing in the next few days that examines the motives and mindset behind current European intervention in Libya. We began with an [overview](#) and follow with an examination of the positions put forth by the United Kingdom, France, [Italy](#), [Germany](#), [Russia](#) and [Spain](#).*

France and the United Kingdom have led the charge on the intervention in Libya. For a month, both pushed the international community toward an intervention, ultimately penning U.N. Security Council Resolution 1973 authorizing the no-fly zone on March 17.



STRATFOR

Paris' and London's interests in waging war on Libya are not the same, and Libya carries different weight with each. For the United Kingdom, Libya offers a promise of energy exploitation. It is not a country with which London has a strong client-patron relationship at the moment, but one could develop if Moammar Gadhafi were removed from power. For France, Tripoli already is a significant energy exporter and arms customer. Paris' interest in intervening is also about intra-European politics.

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France

Paris has been the most vociferous supporter of the Libya intervention. French President Nicolas Sarkozy made it his mission to gather an international coalition to wage war on Libya, and France has been at the vanguard of recognizing the legitimacy of the Benghazi-based rebels.

French interests in the Libya intervention fall into two categories: domestic politics and intra-European relations.

The domestic political story is fairly straightforward. At the onset of the unrest in the Middle East, Paris stalled on recognizing the protesters as legitimate. In fact, then-French Foreign Minister Michele Alliot-Marie offered the Tunisian government official help in dealing with the protesters. Three days later, longtime Tunisian President Zine El Abidine Ben Ali was forced to flee the country. It was revealed later that Alliot-Marie spent her Christmas vacation in Tunisia; during the trip, she used the private jet of a businessman close to the Ben Ali regime, and her parents were negotiating a business deal with the same businessman. Needless to say, the whole episode was highly embarrassing for Paris both internationally and domestically, and Sarkozy was essentially forced to fire Alliot-Marie and replace her with the veteran Alain Juppe. Additionally, Paris has its own Muslim population to consider, including a sizable Tunisian minority -- though nowhere near as large as its Algerian minority -- of around 600,000 people. This audience had a particularly negative reaction to Paris' handling of the revolution in Tunisia.

The French intervention is more than just overcompensation for an initially disastrous handling of what Europe now perceives as a groundswell of agitation for democracy in the Arab world. Rather, Sarkozy has a history of using aggressive foreign relation moves to gain or maintain popularity at home. In August 2008, for example, he attempted and succeeded in [negotiating a Russo-Georgian cease-fire](#) without being invited to be a peacemaker. After the September 2008 financial crash, he called for a new "[Bretton Woods](#)." While to the rest of the world "Super Sarko" seems impulsive and perhaps even arrogant, at home these moves boost his popularity, at least among his existing supporters. Sarkozy could use such a boost, as the French presidential election is barely more than a year away and he is trailing not just the likely Socialist candidate, but also far-right candidate [Marine Le Pen](#). His supporters are beginning to gravitate toward Le Pen, who has worked hard to smooth over her father's hard-right image. This could prompt Sarkozy's party to choose a different candidate before it is too late, particularly as his own prime minister, Francois Fillon, gains ground.

There is more at play for France than just domestic politics, however. France also is reasserting its role as the most militarily capable European power. This has become particularly important because of developments in the European Union over the past 12 months. Ever since the eurozone sovereign debt crisis began in December 2009 with the Greek economic imbroglio, Germany has sought to use the power of its purse to reshape EU institutions to its own liking. These are the same institutions France painstakingly designed throughout and immediately after the Cold War. They were intended to magnify French political power in Europe and later offer Berlin

incentives that would [lock united Germany into Europe](#) in a way that also benefited Paris.

Germany has worked to keep France apprised of the reforms every step of the way, with German Chancellor Angela Merkel huddling with Sarkozy before every major decision. However, this has not concealed the reality that Paris has had to take a backseat and accept most of Germany's decisions as a *fait accompli*, from the need to pursue severe austerity measures, which caused [widespread rioting in France in October 2010](#), to largely giving Berlin control over the [new bailout mechanisms](#) being designed to support lagging eurozone member states. This shift has not gone unnoticed by the French public, and criticism has been leveled against Sarkozy of having been reduced to Merkel's yes-man.

The intervention in Libya therefore is a way to reassert to Europe, but particularly to Germany, that France still leads the Continent on foreign and military affairs. It is a message that says if Europe intends to be taken seriously as a global power, it will need [French military power](#). France's close coordination with the United Kingdom also is an attempt to further develop the [military alliance between London and Paris](#) formalized on Nov. 2, 2010, as a counter to Germany's overwhelming economic and political power in the European Union.

In asserting its strength, Paris may cause Berlin to become more assertive in its own right. With the very act of opposing the Franco-British consensus on Libya, Berlin already has shown a level of assertiveness and foreign policy independence not seen in some time. In a sense, France and the United Kingdom are replaying their 19th century roles of colonial European powers looking to project power and protect interests outside the European continent, while Berlin remains landlocked behind the Skagerrak and concentrates on [building a Mitteleuropa](#).

As for interests in Libya, France has plenty, but its situation could be improved. French energy major Total SA is involved in Libya but not to the same extent as Italian ENI or even German Wintershall. Considering Libya's plentiful and largely unexplored energy reserves, French energy companies could stand to profit from helping rebels take power in Tripoli. But it is really military sales that Paris has benefited from thus far. Between 2004 -- when the European Union lifted its arms embargo against Libya -- and 2011, Tripoli has purchased approximately half a billion dollars worth of arms from France, more than from any other country in Europe. However, the Italian government was in negotiation for more than a billion dollars worth of more deals in 2010, and it seemed that the Rome-Tripoli relationship was overtaking [Paris' efforts in Libya](#) prior to the intervention.

United Kingdom

London has not been as aggressive about pushing for the Libya intervention as France, but it still has been at the forefront of the coalition. For the United Kingdom, the domestic political component is not as strong as its energy interests.

British Prime Minister David Cameron's government initially came under strong criticism for being slow to evacuate British nationals from Libya. Nick Clegg, the deputy prime minister and leader of the coalition Liberal Democratic Party, was on a ski vacation in Switzerland when the crisis in Libya began and later told a reporter he "forgot" he was running the country while Cameron was on a trip to the Persian Gulf states. Later, the rebels seized a Special Air Service diplomatic security team, dispatched on a diplomatic mission to establish contact with anti-Gadhafi forces in eastern Libya, because they did not announce their presence in the country.

Therefore, the United Kingdom is motivated to recover leadership of the intervention after an otherwise-bungled first few weeks of the unrest. There is also, as with most of the Western countries, a sense that decades of tolerating and profiting from Arab dictators has come to an end and that the people in the United Kingdom will no longer accept such actions.

(click here to enlarge image)

London has another significant interest, namely, energy. British energy major BP has no production in Libya, although it agreed with Tripoli to drill onshore and offshore wells under a \$1 billion deal signed in 2007. The negotiations on these concessions were drawn out but were finalized after the Scottish government decided to release convicted [Lockerbie bomber Abdel Baset al-Megrahi](#) on humanitarian grounds in August 2009. He was expected to die of prostate cancer within months of his release but presumably is still alive in Tripoli. The Labour government in power at the time came under heavy criticism for al-Megrahi's release. British media speculated, not entirely unfairly, that the decision represented an effort to kick-start BP's production in Libya and smooth relations between London and Tripoli. BP announced in 2009 that it planned to invest \$20 billion in Libyan oil production over the next 20 years.

The May 2010 [Macondo well disaster in the Gulf of Mexico](#) has made BP's -- and London's -- Libya strategy even more urgent. The United States accounted for a quarter of BP's total hydrocarbon production in 2010. The disaster cost BP \$17.7 billion worth of losses in 2010, and the company also has had to set up a \$20 billion compensation fund. Estimates of potential further spill-related costs range

between \$38 billion and \$60 billion, making BP's future in the United States uncertain. The disaster also allowed BP's competitors to complain about its potential future offshore operations, something Italian Foreign Minister Franco Frattini stressed, arguing that until the investigation into the Macondo well disaster is completed, BP should refrain from drilling off Libya's shore in the Mediterranean Sea. The complaint was more than likely an attempt by ENI to complicate BP's Libya operations by questioning its environmental record in North America.

Ultimately, London could gain the most by the removal of Gadhafi or winning the allegiance of a rebel-controlled government in some kind of semi-independent state in eastern Libya. With no oil production in Libya and arms sales that lag those of France and Italy by a considerable margin, the United Kingdom could substantially benefit from new leadership in Tripoli or even just Benghazi.

Exit Strategies

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In sum, the United Kingdom and France have two main points to consider in terms of what would be an appropriate strategy to the current intervention. First, how palatable will it be for their publics if Gadhafi remained in power after the considerable vilification that justified the intervention in the first place? It is true that both Paris and London have in recent days stepped back from arguing that the military intervention is supposed to oust Gadhafi, but that tempered rhetoric may have been forced on them by criticism from within the coalition that they have overstepped the U.N. mandate. British Defense Secretary Liam Fox said March 21 that the direct targeting of Gadhafi by coalition forces was a possibility.

Second, will France and the United Kingdom be satisfied with a solution in which Gadhafi withdraws to the west and rebels take control of the east? The United Kingdom and France could live with that solution because they would still benefit from their patronage of the eastern rebels in both new arms deals and energy deals in the oil-rich east. For Italy, the situation is more complex, as it would be left to deal with an indignant Gadhafi across the Mediterranean.

Next: *[Italy](#) has far "more to lose" than anyone else involved in the American-European coalition. Italy's business, energy and national security interests are directly impacted by what happens in Libya.*

Europe's Libya Intervention: Italy

March 28, 2011 | 1210 GMT

Editor's Note: *This is the third installment in a five-part series publishing in the next few days that will examine the motives and mindset behind current European intervention in Libya. We began with an [overview](#) and follow with an examination of the positions put forth by the [United Kingdom](#), [France](#), [Italy](#), [Germany](#), [Russia](#) and [Spain](#).*

Italian jets operating over Libya on March 22 managed to jam Libyan air defense radar networks "without firing a single shot," according to an Italian Air Force announcement. That Italy emphasized its abstention from opening fire on Libyan forces is not coincidental; it is part of Rome's strategy of hedging its role in the Libyan intervention -- being involved in the ongoing U.S.-European intervention in Libya without actually attacking the troops of its once close ally, Moammar Gadhafi.

Italy has far "more to lose," STRATFOR's Italian sources keep stressing, than anyone else involved in the U.S.-European coalition. Italy's business, energy and national security interests are directly impacted by the fate of Libya.

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For this reason, Italy sought to hedge its policy toward Gadhafi throughout the run-up to the intervention. Rome initially took a line very close to that of Tripoli, with Frattini voicing concerns Feb. 21 over the "self-proclamation of the so-called Islamic Emirate of Benghazi," echoing a statement from Gadhafi's son, Seif al-Islam, issued the previous day to describe the rebels in eastern Libya.

While Italy now supports the coalition against Gadhafi, offering the use of seven Italian airbases to coalition aircraft and having the Italian air force conduct patrols over Libyan airspace, Rome continues to hedge its policy. Frattini on March 21 said Italy would have to resume control of its airbases, thus hinting it would kick out foreign troops, if some sort of NATO coordination structure were not agreed upon (an agreement on a NATO coordination structure was reached by March 28).

In fact, despite participating in the intervention, Rome has gone as far as to emphasize that its jets operating over Libya had managed to jam Libyan air defense radar networks "without firing a single shot," according to an Italian Air Force announcement on March 22. Rome's insistence that it is both part of the intervention and has abstained from playing an aggressive role against Gadhafi is a strategy intended to allow Italy to continue to balance the rebels in the east with Gadhafi in the west of the country. Rome simply has too many interests in Libya to pick one side and stick with it.

NATO command-and-control structures are important to Rome, which does not want the Libyan intervention to remain a Paris-London affair when the [United States withdraws from leading the operations](#), leaving [Italy's energy and security interests](#) at the mercy of two countries looking to gain the upper hand in a post-Gadhafi Libya.

This explains Rome's reluctance to allow France to lead a command structure concurrent with NATO's. Rome simply does not trust [Paris or London](#), both of whom have plenty of reasons to expand energy and business interests once rebels grateful to both for leading the charge in Libya assume power in the eastern part of the country. Rebel leaders themselves have stressed that economic ties "will be calibrated to reflect the support that the various European countries have offered the grassroots uprising," as the Libyan National Transition Council Deputy Chairman Hafiz al-Ghogha said in a response to a question what is in store in the future for Italy's business and energy interests in Libya. These sort of statements are what Rome fears the most. As a response, the press in Italy has claimed that Rome was seeking an official NATO role in the intervention so as to prevent French-U.K. "activism." In fact, one can directly draw a parallel between the competing interests of Italy, France and the United Kingdom in the intervention in Libya today with the competing interests of the three during the colonial 19th-century Scramble for Africa.

Italian Interests in Libya

Geographically, Italy is one of the closest European country to Libya, with the island of Lampedusa, a destination of choice for migrants fleeing North African unrest, only 225 kilometers (140 miles) from Libya. It shares deeper ties with Libya than the rest of Europe, given its former colonial relationship. Like Germany, Italy became a unified European power only in the late 19th century and entered the scramble for African colonies after France and the United Kingdom had taken the choicest spots. The desolate stretch of North Africa just south of Sicily was still available, so Italy began building a sphere of influence in what is now Libya but was then three separate states: Tripolitania, Cyrenaica and Fezzan. Italy invaded in 1911, but resistance by insurgents in Cyrenaica (today's eastern Libya)

lasted until the 1930s. Italy lost its North African colony after World War II.

Because of its geographic proximity and knowledge of local conditions, Italy has not shied from conducting business in Libya in the post-World War II era. Energy company ENI began operating there in 1959 and never left the country, even when the rest of the West rebuffed Gadhafi in the 1980s due to his association with terrorism. This commitment to Libya allowed Rome to negotiate lucrative energy and arms contracts once Gadhafi renounced terrorism in 2003. Today, Libya accounts for some 15 percent of ENI's total global hydrocarbons output, with oil production of 108,000 barrels per day and natural gas production of 8.1 billion cubic meters in 2009.

(click here to enlarge image)

ENI has a number of key energy assets in Libya, starting with the Greenstream pipeline in the west, which supplies Italy with around 15 percent of its natural gas imports. ENI operates the pipeline, which cost around \$6.6 billion to build. It has [been shut down due to the unrest](#), however, prompting Italy to turn to Russia for natural gas to compensate for the difference. If this situation persists, it will further entrench Rome's dependence on Moscow for natural gas. Throughout the crisis, ENI has stressed that it has not shut down its natural gas production in Libya in order to provide Libyans with energy. ENI also has stakes in a number of lucrative oil-producing concessions, including the Bouri oil field, the largest offshore field in the Mediterranean Sea, located immediately off the coast of Tripoli, and the Wafa and Elephant oil fields in west and southwestern Libya, respectively. While ENI also had producing assets in eastern Libya, an overview of its assets illustrates that the majority of them, and the most lucrative ones, are in fact in the west in what is still government-controlled territory.

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Italy has also been one of Gadhafi's major arms suppliers since an EU arms embargo was lifted in 2004, a step for which Italy strongly lobbied. Italy has delivered on approximately \$500 million worth of deals since 2004, slightly less than the value of French military deliveries. Taking into account that overall Italian military sales were approximately a quarter of French sales in 2009, deals with Libya represent a larger percent of total sales for Rome. Furthermore, Italy was in the process of negotiating a \$1.05 billion-worth of military contracts before the unrest began. This included a large border security and control system deal with Finmeccanica for \$300 million and negotiations for shipbuilding contracts worth \$600 million with Intermarine Spa.

The flow of capital and investments is not one-sided; Libya's sovereign wealth fund has invested in a number of Italian financial and industrial enterprises. Libya's sovereign wealth fund owns about 1 percent of ENI, and had stated its intent to increase its stake to 10 percent; 7.2 percent of UniCredit, Italy's biggest bank; and 2 percent of weapons manufacturer Finmeccanica. Rome fears Gadhafi could withdraw these investments from Italy -- something Gadhafi has threatened -- or that a new government in Libya might decide to invest in Paris and London instead.

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Libya is also an issue of national security for Rome because of immigration. In 2008 alone, up to 40,000 migrants tried to enter Italy illegally via Libya, with 15 percent trying to land on Sicily or Lampedusa directly, according to Rome. Gadhafi himself initiated the increase in immigration by turning away from Pan-Arabism in 1990 towards Pan-Africanism, relaxing visa policies for sub-Saharan African countries and allowing Libya to become a transit state for migrants to Europe. He then parlayed this problem into a negotiating advantage with Rome. Tripoli and Rome signed a 2008 friendship treaty -- which incidentally had a non-aggression clause now no longer in effect as Rome has suspended the treaty -- that in return for Italian investments in Libya gave Rome assurances that Tripoli would stem the flow of migrants. This has included Libyan acquiescence in Italy's "push-back" policy, which involves intercepting refugees and migrants in international waters and repatriating them to Libya regardless of whether they are Libyan. The policy has drawn condemnation from human rights and refugee groups, but has largely ended the flow of migrants into Italy.

Acceptable Exit Strategies

Italy has therefore enjoyed a privileged relationship with Gadhafi, from energy to weapons sales to its being a main destination for Gadhafi's investments. The cozy business relationship has allowed Rome to negotiate a deal on securing its seas from an unchecked influx of migrants, both a national security and domestic political issue. Since January, when the Tunisian upheaval kicked off the unrest in the Arab world, 19,000 migrants -- including 2,000 Somalis and Ethiopians -- have landed on Lampedusa. This has largely confirmed Rome's fears that the general unrest in North Africa -- combined with the destabilization of Libya -- would lead to an exodus of North and sub-Saharan Africans to Italy.

The current situation carries many risks for Italy. Replacing Gadhafi with an unknown regime or unstable environment that resembles the tribal warlordism of Somalia would lead to unchecked migration flows -- which is essentially already happening -- and an insecure business environment. His replacement with a rebel leadership grateful to London and Paris but suspicious of Rome also would threaten Italian interests. But participating in the coalition is risky, too, as Gadhafi could wind up clinging to power and deciding to seek revenge against Italy for joining forces with the United States, France and United Kingdom against him despite the 2008 friendship treaty.

Moreover, the European coalition allies do not trust each other. Rome believes that London and Paris are undermining Italy's long-held upper hand in Libya. Italy wants to ensure its influence in how a post-intervention Libya is run and therefore has fought to move the coalition toward a NATO command-and-control structure that would be headquartered in Naples -- allowing Rome to keep a close eye on the operations' details.

Because its European neighbors seem unwilling to deal the finishing blows to the Gadhafi regime -- at least as of this moment -- Rome must take into account the possibility that Gadhafi could remain in power, if only in the western portion of Libya. Italy is therefore walking a tightrope: It can stand neither with Gadhafi nor too aggressively against him. Rome therefore has to be part of the coalition so as not to be frozen out of Libya by a new regime in the event Gadhafi is eliminated; however, its participation in the coalition has to be conducted in a halting manner to minimize the risks to its energy assets in western Libya should Gadhafi survive.

Rome is jockeying to play the role of peacemaker by participating in the coalition while not seeming overly eager to oust Gadhafi, currying favor with both the coalition and Gadhafi. To this end, Italy has sought, and has received, command over the NATO naval operation to embargo Tripoli's access to arms, potentially a beneficial command if Rome wants to have power over Gadhafi in the near future. It has in the meantime maintained a non-aggressive role in the intervention so that it can claim to Gadhafi that its intentions from the beginning were to be a voice of reason in the intervention. Rome will attempt to use both its links to the Gadhafi regime and its role in the intervention to carve out a post-conflict mediator role that can protect its interests.

The problem with Italy's plan is both the fluidity of the situation and the fact that its ability to continue hedging its role is being reduced every day. London and Paris endear themselves to the rebels and as Gadhafi becomes more indignant toward Western powers. Ultimately, it is difficult to see Italy being completely frozen out of Libya. Geographic proximity and a long history of involvement means Rome, from Carthage to Libya, always has had a hand in the affairs of North Africa. The question in Rome today is how profitable that influence will be.

Next: [*Russia and Germany*](#) have been the most vociferous in their opposition to the intervention. We will examine how these countries have played a role in the Libyan intervention.

Europe's Libya Intervention: Spain

March 30, 2011 | 1218 GMT

Editor's Note: *This is the final installment in a five-part series examining the motives and mindset behind the current European intervention in Libya. We began with an [overview](#) and follow with an examination of the positions put forth by the [United Kingdom](#), [France](#), [Italy](#), [Germany](#), [Russia](#) and Spain.*

Spanish Foreign Minister Trinidad Jimenez said March 29 that the option of exile is still available to Libyan leader Moammar Gadhafi since he has not been charged with any crimes. Madrid has therefore backed Rome's position that exile should be an option to end the conflict in Libya. Spain is participating in the international coalition by providing airbases for U.S.

AWACS and refueling missions. It also has sent four F-18 fighter jets and a refueling aircraft as part of its contribution to enforce the no-fly zone, along with an Aegis-capable frigate and a submarine to participate in the enforcement of the arms embargo.



STRATFOR

The Spanish decision to intervene in Libya has not garnered much attention in the global press. However, it stands out as Spanish Prime Minister Jose Luis Rodriguez Zapatero's most notable foreign policy decision, one made only weeks after being elected, involved [pulling Spanish troops out of Iraq in April 2004](#). The Iraq pullout strained Madrid's relations with Washington, as the U.S. perceived it as hasty and pandering to public opinion panicked by the [Madrid train bombings](#), which took place immediately before March 2004 general elections. In reality, Rodriguez Zapatero had campaigned throughout 2004 on an anti-Iraq War platform and thus used the Madrid attack merely as a trigger for a decision he probably would have made regardless.

The decision to intervene in Libya can thus be seen as a way to revitalize Spain's image as a country capable of international activism when the need arises -- especially in the Mediterranean, its area of national interest -- but also as a last-ditch effort by an unpopular government to raise its profile ahead of elections in early 2012.

(click here to enlarge image)

The Luxury of Isolation

Spain has often stayed aloof from European geopolitical entanglements. Geography makes this choice possible. Essentially, Spain dominates the Iberian Peninsula. The Pyrenees leave it geographically isolated from core Europe. Its colonial linguistic and cultural links to this day provide it access to a large and lucrative Latin American market where its goods and services (especially financial) can out-compete its European rivals, giving it easier markets than the rough competition in Europe proper. Throughout its last century, Spain has been more self-absorbed than most large European nations. Catalan and Basque agitation for autonomy and independence, Madrid often has had no choice but to focus solely on internal threats -- giving it fewer resources with which to address foreign issues.

This geographic and political aloofness combined with uniquely strenuously internal security requirements for a major European power (even greater than those imposed on the United Kingdom by the Irish question) have made Madrid's place in the Trans-Atlantic security establishment one of the most ambivalent. Rodriguez Zapatero's about-face on Iraq from the stance of his predecessor, Jose Maria Aznar Lopez, is therefore unsurprising. Because of its isolation and because the Trans-Atlantic alliance matters less for Madrid than for others in Europe, Spain is probably the only major country in Europe that has the luxury of pursuing such dramatically opposed policies purely on the domestic political calculus of its leaders.

For Spain, the security benefits of NATO membership therefore never really have been clear. Focused on internal security -- for which NATO membership is of little use -- Madrid's only true international concerns have been its proximity to North Africa and the subsequent ill effects of organized crime and smuggling. NATO's security guarantees do not apply to the Spanish exclaves of Ceuta and Melilla, across the Strait of Gibraltar from Spain and surrounded by Morocco, which claims the territories. One could still argue that Spain's NATO membership certainly would be at least a psychological reason for Morocco to reconsider plans to seize the two territories.

(click here to enlarge image)

Therefore, Spanish NATO membership ultimately is about being accepted into the club of Western European states, which was still in serious doubt in the immediate years following the Franco dictatorship when Madrid joined the alliance in 1982. Joining the alliance at the time was a simple way to reassure Madrid's European allies that Spain would not renege on its commitment to democracy and that it would use NATO membership to begin reforming its military leadership. Madrid joined the European Union four years later in 1986. Spain has used its membership in NATO and often-close alliance with the United States to balance against the France- and Germany-dominated European Union. Spain often feels sidelined by the Franco-German leadership duo and has never been able to form a counter to it by allying with the United Kingdom or Italy. Spain's relationship with the United States has therefore proven useful in keeping Berlin and Paris on notice that Madrid's acquiescence to all things agreed upon by Continental powers is not a given.

Precisely because Spain's NATO membership was more about international assurances and the balancing of its U.S. and European commitments -- and not about its core security interests -- Madrid has had the luxury of ambivalence, as indicated by the extreme change of policy between Aznar and Zapatero on Iraq. This ambivalence was further exemplified by the 1986 referendum, organized by a Socialist government, to see Spain withdraw from NATO, the first and only such referendum by a NATO member. The referendum was handily defeated by a popular vote, but the very act of holding it illustrated Spain's attitude toward the alliance: A country truly threatened by adverse geopolitical conditions and therefore truly in need of a security alliance would not seek to depart such an alliance.

In the Libya intervention, Madrid accordingly seeks to illustrate its solidarity with the United States and the other main European powers. For Rodriguez Zapatero in particular, the intervention is a way to illustrate that Madrid does not shy from international military action, especially as Spain already participates in international efforts in Afghanistan -- thereby absolving Spain of its departure from Iraq. Also important for Rodriguez Zapatero is proving that despite its considerable economic crisis -- and fears that [Spain could be the next eurozone economy after Portugal to require a bailout](#) -- Madrid can still play an important foreign policy role.

The Domestic Component, Energy and Morocco

There is also an important domestic political component in terms of how Madrid is pursuing the intervention. The center-right People's Party (PP) remains firmly ahead of the governing Socialist Party in national polls, having enjoyed a steady 13-point lead for the past six months. Rodriguez Zapatero is worried that government's [austerity measures](#) -- imposed to curb Spain's budget deficit and comply with demands from Berlin -- are losing him the support of his base among the center-left in Spain. Due to the legacy of the Franco years, the left in Spain tends to be generally anti-interventionist, with as much as 91 percent opposed to the country's participation in Iraq. Therefore, while the Socialist government is trying to raise Madrid's profile internationally, it must do so quietly, without much fanfare at home to avoid further erosion of its support from its base. That said, the intervention is thus far popular due to its multilateral nature. The danger for Rodriguez Zapatero, however -- as it is for other European governments that have entangled themselves in the Libyan intervention -- is that public support for a humanitarian intervention will not distract from economic austerity too long, especially if the intervention starts looking drawn out and inconclusive.

(click here to enlarge image)

On top of all this, Spain does have strategic interests in Libya, albeit not as great as Italy's. Spanish energy company Repsol YPF extracted 8.3 percent of its overall oil production from Libya in 2009, not an insignificant amount and comparable to the 10.7 percent that Italian energy giant ENI extracted. Spanish imports of oil from Libya are comparable to those of France, with 9 percent of total Spanish consumption coming from Libya, nowhere close to the almost 25 percent of its requirements that Italy imports. French firm Total does extract more oil from Libya, but as a larger company than Repsol, Libya is smaller as a share of the French company's total. As such, Repsol was not necessarily dissatisfied with the Gadhafi status quo in Libya and probably will look askance at the French and British moves.

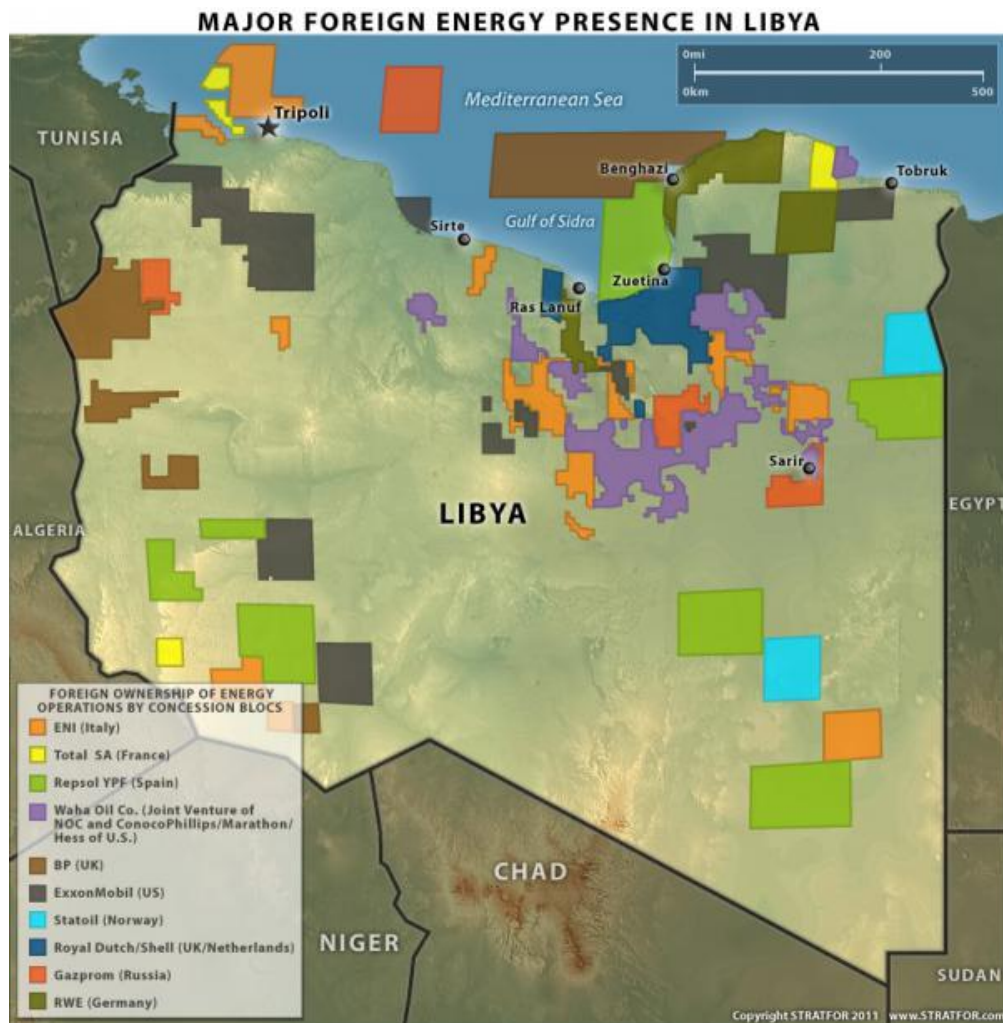
Finally, as a Mediterranean country in close proximity to the 32 million people of Morocco, Madrid must consider what Libyan instability means for the region. Protests have occurred in Morocco, although the situation is thus far still under control and violence has been sporadic. Madrid cannot oppose the international intervention in Libya because it does not want to set a precedent that it may need to reverse shortly. Regime change in Morocco, for example, could place Madrid's North African exclaves in an untenable situation or could produce an exodus of migrants that Spain will have to counter with aggressive naval force interdiction -- as Italy is threatening to begin doing with migrants streaming from Tunisia and Libya. That said, Morocco is nowhere near the point of Libyan instability or even Tunisian/Egyptian-style unrest.

Madrid definitely has an interest in joining in the intervention if for no other reason than to have a say in the post-intervention diplomatic resolution -- when Paris and London may seek to use their patronage of the eastern Libyan rebels to enhance their respective positions. Madrid is wary of the French and British activism and is becoming far more aligned with [Rome](#) on the intervention than with [Paris and](#)

[London](#). This became clear in a meeting of European, American, African and Arab leaders in London on March 29, with Spain, Germany and Italy favoring an option of exile for Gadhafi to facilitate a conclusion to the intervention while France and the United Kingdom continued their strong demands for regime change.

Foreign Interests and Intervention in Libya

March 17, 2011 | 2030 GMT



[View Full-size Graphic](#)

Analysis

The U.N. Security Council (UNSC) is meeting March 17 to discuss a resolution introduced by Lebanon and composed by France and the United Kingdom that calls for a military intervention against government troops in Libya. French Ambassador to the U.N. Gerard Araud has demanded that the UNSC vote on the resolution by 6 p.m. eastern. According to the media reports resolution would call for "all necessary measures short of an occupation force" to protect civilians under attack by the government troops loyal to the Libyan leader Moammar Gadhafi. The Europeans, however, are not showing a united front on the issue. Italy, which has the most energy investments in Libya and derives the greatest proportion of its energy from Libyan oil and natural gas, has hedged its bets toward Tripoli throughout the crisis. It is now faced with the prospect of Gadhafi returning firmly in power and has backed off from even its initial statement that it would allow its territory -- but not military -- to be used to enforce the no-fly zone. Germany, faced with three important state elections in the next 10 days, is backing off for largely domestic reasons. France and the United Kingdom, however, have little to lose by being forceful on Libya -- their energy assets in Libya are nowhere near as productive and crucial for their energy companies as for Italy -- in fact, both benefit domestically by seeking to lead on the crisis. However, it is unlikely that either the UNSC or NATO countries will unanimously support operations. This means that if they decide to go ahead with airstrikes, France, the United States and the United Kingdom would go alone. This is at this moment an unlikely scenario considering that the United States is still embroiled in operations in Iraq and Afghanistan and with France facing European disunity on the issue.

Gadhafi Expresses Determination in Latest Speech

February 22, 2011 | 1717 GMT

Summary

Libyan leader Moammar Gadhafi made a speech on Libyan state television Feb. 22 in which he said he would not step down and that Libyans supporting foreign agents in fomenting revolts across the country would be put to death. Violence is likely to continue in Libya after Gadhafi's speech, but ultimately the military and the tribes will decide the regime's fate.



MAHMUD TURKIA/AFP/Getty Images

Analysis

Libyan leader Moammar Gadhafi appeared on Libyan state television Feb. 22 and delivered a speech in which he said he would not step down, preferring to die as a martyr in his country. The speech comes less than 12 hours after his last appearance on state television, an extremely short appearance made from the passenger seat of an unmarked van, during which he denied rumors that he had fled the country.

Media reports ahead of the Feb. 22 speech indicated that Gadhafi, following the pattern established by several other leaders in the region in the past six weeks -- notably Tunisia, Egypt, Jordan, Yemen and Bahrain -- planned to announce a series of major reforms in response to [the unrest in Libya in recent days](#). Though the initial translation of his speech was of poor quality, it does not appear that Gadhafi proposed anything more specific than creating new municipalities and new "people's authorities," as well as unnamed issues raised by his [reform-minded son, Seif al-Islam](#). Gadhafi appeared defiant in the address, accusing foreign agents of being responsible for the revolts occurring across the country and warning that those Libyans who supported such agents would be put to death; he said he has not even started giving the order to use bullets. Rather than striking a conciliatory tone in an effort to appease the protesters, Gadhafi is simply betting there is no force, foreign or domestic, able to remove him from power.

Gadhafi relies on twin pillars of support to maintain the position he has held since 1969: the loyalty of the tribes and the loyalty of the army. Unlike in Egypt, however, where a true military regime is the ultimate guarantor of power, in Libya the system is heavily centered on Gadhafi and his family. Though the army is showing clear signs of fracturing, Gadhafi's words indicate that either he does not feel this threat can undermine his rule or that he is willing to stay until the very end.

Gadhafi also is betting that no one in the international community is prepared to use force to push him out. Gadhafi represents the only chance of bringing stability back to Libya in the short term, and if he were to fall, a protracted civil war pitting regions and tribes against one another would be the likely outcome. Though Gadhafi might not be particularly well-liked in the West, his continued rule could serve the national interests of many countries -- none more so than [Italy](#), which relies heavily on Libya for energy and also fears the prospect of a massive wave of illegal immigrants if total chaos were to break out in Libya.

Violence will undoubtedly continue in Libya as a result of Gadhafi's decision to ride out the unrest, but as Egypt and Tunisia have shown, ["people power" on the scale that Libya is currently witnessing](#) is not enough to topple a man like Gadhafi. Rather, it will be the loyalty of the armed forces, as well as the loyalty of the tribes in Libya, that decides his fate. These issues are interrelated, as positions of power in the military are largely based on tribal affiliations. Both of these pillars of support already appear to be crumbling. Events in Benghazi in eastern Libya have shown the beginning of the fracture within the Libyan armed forces -- eastern Libya is no longer under the control of the capital -- and at least six major tribes have renounced the Libyan leader since Feb. 20. Thus, the prospect of an attempted coup by a group of officers, mirroring the Free Officers Movement that brought Gadhafi to power more than four decades ago, is high, as is the prospect of the eventual breakout of civil war.

Meanwhile, the U.N. Security Council is meeting to discuss Libya and will consider what measures to take as a way of sanctioning the Gadhafi regime, including the potential for implementing a no-fly zone.

Gadhafi's Forces Continue to Advance on Libyan Rebels

March 17, 2011 | 0143 GMT

Summary

Libyan military forces loyal to leader Moammar Gadhafi issued an ultimatum to rebel forces in the eastern city of Benghazi, ordering them to abandon strongholds and weapons storage areas by midnight local time March 17. Though details coming out of the country remain scarce and there is no indication yet of enforcement of this ultimatum, it appears Gadhafi's forces have simultaneously retaken rebel-held western cities while striking eastward over the past week. As the rebels appear to falter, the question arises of whether they were ever able to mount a meaningful military resistance to begin with.



PATRICK BAZ/AFP/Getty Images

Analysis

Libyan military forces loyal to leader Moammar Gadhafi reportedly gave opposition forces in the eastern rebel capital of Benghazi until midnight local time March 17 to abandon rebel strongholds and weapons storage areas, Libyan state-run television reported. Though unconfirmed reports have indicated that Benghazi remains quiet as of 2 a.m. local time, and it is currently unclear if Gadhafi's forces even have the capability to enforce their ultimatum -- either through a ground assault or artillery strike -- at this point, loyalist forces do appear to have made progress advancing eastward on the opposition.

Throughout the conflict, rebel forces never took much territory by conquest, only coming to power as Gadhafi's eastern forces disintegrated, took a neutral stance or defected. It was never entirely clear how many of those forces were really with the rebels, much less willing to fight and die with them. The emergent question in recent days is whether meaningful military resistance ever actually took shape in the east.

(click here to enlarge image)

Initial skirmishes between small forces loyal to Gadhafi and rebels appeared indecisive, and a stalemate looked likely, but the tide began to turn in the past week. Gadhafi's forces showed signs of consolidating control of disputed western cities such as Zawiya and Misurata while simultaneously making a concentrated, deliberate and -- importantly -- sustained advance eastward along the Gulf of Sidra. Loyalist forces now appear to control Ras Lanuf. Marsa el Brega seems close to falling. Ajdabiya appears to be under siege. Whether this advance has consisted of fighting through armed opposition or more of an unresisted road march is unclear, but the farther Gadhafi's forces advance westward without facing significant resistance, the more likely the latter scenario becomes.

There has been little in recent days to suggest that the opposition was ever able to coalesce into much of a meaningful fighting force. There have now been unconfirmed rumblings that the military in the east has abandoned the opposition, though the extent of this remains unclear. In other places, local garrisons may have simply ended their neutrality or returned to Gadhafi's side as his forces began to arrive in numbers. Additionally, Gadhafi now claims that the Tarhuna and Warfallah tribes, once said to have sided with the rebels, had reaffirmed their loyalty to Gadhafi -- though neither tribe has substantiated the claim, and a rebel spokesman in Misurata, the last major coastal town in the west taken by the rebels that continues to hold out against Gadhafi's forces, denied it. While [tribal loyalty is enormously important in Libya](#), hardly a word was uttered about Libya's tribal dynamic from the earliest days of the revolt until this point.

The eastern Libyans made some strides toward attempting to unite. Across the rebel-held east, localized city councils sprung up to administer the respective cities, and the recently formed [National Transitional Council](#), which has been sending representatives around to various capitals in Europe to try to drum up support for a [no-fly zone](#), was based on a model that would unify these various units, both politically and militarily, into a sort of federal system of rebellion. While opposition to Gadhafi was a unifying force here, there was never a complementary coalescence in the west that would really have given the overall movement a chance at consolidating control over the country.

Another notable point comes from a report by the Office of the United Nations High Commissioner for Refugees of a marked shift in the demographics of those crossing the Egyptian-Libyan border from Egyptian nationals to Libyans fleeing the advance of Gadhafi's forces.

Libyans accounted for half the daily refugee flow across the border beginning March 14. Additionally, the International Committee of the Red Cross announced March 16 that it was pulling out of Benghazi due to the possibility of an imminent attack.

Ajdabiya is the next city to watch closely. From there, the road splits, offering effectively direct access to both Benghazi and the other opposition stronghold of Tobruk, the last major energy-export hub in the east that is not at least suspected of having fallen to Gadhafi. Without Ajdabiya, the rebels' defensive problem becomes considerably more difficult, and the geography and infrastructure that has kept Gadhafi's drive eastward on a single axis is lost. At that point, even a concerted resistance in Benghazi or Tobruk -- one more deliberate and tenacious than seen in any of the other eastern cities -- may be easily crushed by Gadhafi's forces, which have not hesitated to shell civilian areas in the course of the most recent advance. However, concerted resistance would at the very least be more manpower- and resource-intensive for Gadhafi's forces than previously, and these would come at the farthest extent of Gadhafi's supply lines, so the logistical issue remains significant.

How this plays out remains far from clear. Gadhafi's forces appear to have the initiative and momentum, but it could easily take months to fully retake and pacify eastern opposition strongholds. There also remain the dual -- and interrelated -- risks of the rebels turning to insurgency and the profound and lasting problem of the [proliferation of whole warehouses of small arms, ammunition, explosives and other weaponry](#).

The rebels' problem is one of organization, not armament, and it is unclear if they even had the military expertise to attempt to form a coherent resistance movement, much less command and supply one.

Geopolitical Diary

Analysis of the Key
Event of the Day

Geopolitical Diary: Libya Moves to Rejoin the International Community

May 30, 2007 | 0200 GMT

A Libyan regional court judge ruled on Tuesday that five Bulgarian nurses who have been held in the country for the past three years on charges of intentionally infecting several hundred children with HIV did not slander Libyan officials when they said they were tortured into confessing to the crime. The same day, British energy supermajor BP announced the imminent return of its operations in Libya after a 33-year hiatus spurred by Tripoli's 1974 nationalization decree. These two developments herald Libya's long-awaited re-entry into the international community, as well as the opening of a panoply of doors.

After Libyan President Moammar Gadhafi admitted the details of the country's WMD program in late 2003, it seemed only a matter of time until Western investment flooded back into the African desert state. However, Gadhafi first had a mess to clean up. In 1999, his forces made a critical error, arresting a handful of Bulgarian nurses for allegedly infecting several hundred children with HIV. (Most independent observers argue that the majority of the cases occurred before the doctors were even in the country). The Libyan logic likely was that the arrests would provide Tripoli with a useful bugaboo with which to deflect the scandal onto tiny, powerless Bulgaria, as well as a handy nationalist drum to beat.

But the strategy went straight to hell. Bulgaria was a candidate for EU membership, and it joined the union Jan. 1. Under EU law, each member state has full veto power over all foreign policy decisions, so Bulgaria's membership essentially put European-Libyan relations on ice.

Even Gadhafi cannot quickly bounce back from such a position. Mistakes like this must be corrected in stages, and this not-guilty verdict is the first. The current case -- and there will be more -- acquits the nurses of slandering Libyan officials when the nurses accused their torturers of torturing them. It is the first court decision to formally find them innocent of anything; in time, additional hearings conveniently will acquit them of deliberately spreading HIV as well.

Gadhafi is a strange man with a legendary ego. He believes (in manners not altogether consistent) he is destined to reform and lead Islam, international communism, the Arab world and the African continent. And while many doubt his sanity, few doubt his charisma and energy. In the past, he has attempted to invade neighbors, but he also has proven capable of mediating some of Africa's most intractable conflicts in Sudan's Darfur region and Somalia. He personally ensured the successful formation of the African Union and is rare among leaders of the developing world in that he is eminently willing to put his money where his mouth is -- so long as his 500-strong all-female bodyguard squad is close at hand. If Europe or the United States could constructively engage Gadhafi and help shape his project-of-the-day, the president's dynamism and resources might be harnessed to further Western goals in Africa and the Arab world.

Meanwhile, outgoing British Prime Minister Tony Blair was in Libya on Tuesday talking of "beginning to develop an economic relationship" with the country. His office also noted that supermajor BP is in the process of signing a \$900 million exploration deal with Libya.

Such a deal makes sense. In 1974, Libya produced double its current 1.7 million barrels per day of crude oil, so getting European majors back into Libya is a great move -- particularly since Libyan crude is of such a high quality that you can practically pour it directly into your martini glass.

But this is really all about Russia. European countries are becoming increasingly jittery about their overdependence on Russian energy: Russia currently supplies roughly one-quarter of European oil and natural gas demand. As the Kremlin becomes more aggressive about seizing state control over the energy sector while also seeking greater economic leverage throughout Europe, European countries and corporations are looking for energy alternatives. This is doubly true for BP, which rightly fears that it is about to be booted out of its long-standing investment in the Russian Federation, the creatively named merger with Russian major TNK: TNK-BP.

For a skittish Europe, Libya is right next door, and not even 15 percent of the country has been properly explored. A \$900 million contract for nothing *but* exploration will go a long way toward making Europe in general -- and, specifically, BP -- feel a lot better about

where it gets its energy.

Geopolitical Diary

Analysis of the Key
Event of the Day

Geopolitical Diary: Russia's Back Door Into Libya

April 17, 2008 | 0200 GMT

Russia has had a rough couple of months. Broad recognition of Kosovar independence has made a mockery of Russian power, and the United States is now on the verge of holding a major military exercise in the former Soviet state of Georgia, hard up on Russia's southern border. Between the embarrassment and the very real erosion of Russian influence, Moscow needs to find a way to gain traction. And that is something more than a touch difficult, considering that a clan war within the Kremlin is distracting Moscow from the outside world.

On Wednesday, however, Russian President Vladimir Putin might have found a possibility. Putin is in Libya for a two-day visit with Libyan leader Moammar Gadhafi. The agenda is dedicated to Libya's \$3.5 billion Soviet-era debt to Russia, the possibility of a \$2.5 billion arms sale and perhaps some opportunities for energy collaboration.

Once a hardcore Soviet client state, Libya has aggressively inserted itself into the Western orbit. In 2003, Libya surrendered its weapons of mass destruction programs, and in 2007 it released five European nurses charged with intentionally infecting several hundred children with human immunodeficiency virus (HIV). Since then, it has looked as though Libya will re-enter the international community. The evolution has pleased Europeans; they see Libya as a partial alternative to Russia as an energy provider, and there are huge opportunities for the European defense industry to score some badly needed export contracts to sell weapons to Gadhafi's decayed military.

But these potential arms sales won't happen if Putin can do anything about it. In Putin's last formal visit anywhere as president, he is using the Soviet-era debt to open the door -- it is not like any other country has ever paid its Soviet-era debt back -- and attempt to re-establish Russia as Libya's dominant arms supplier. Even now, two decades after the Cold War ended, some 90 percent of Libyan armed forces' weapons are Soviet-made (and in desperate need of upgrades). However, Russian weapons are not what they once were in terms of quality. Unfulfilled Russian arms deals with India and the delivery of defective jets to Algeria have not exactly helped new sales lately, and the French -- among others -- are aggressively courting the same markets.

Luckily for Russia, Moscow has another angle to help re-establish relations with Libya: energy. Russia's energy technology might not be exactly stellar, but no matter. Moscow has a different strategy to try to get into Libya directly: a back door.

Of the major European energy firms, the one that faces the greatest problem in meeting long-term demand is Italy's ENI. Russian state energy firm Gazprom has done everything in its power to court ENI to gain access to and leverage in European markets. Gazprom has been so successful that, unique among European firms, ENI is willing to grant Gazprom significant access to the Italian market in exchange for long-term supply guarantees. In fact, ENI is desperate enough to offer Gazprom stakes in ENI's upstream -- foreign -- production ventures. So when Putin arrived in Tripoli, he brought several Italians with him to investigate ENI's Libyan holdings.

Successful Russian penetration into Italy's Libyan projects would at worst (by Russian standards) allow Gazprom a free ride on a project that will supply the high-value European market (cash is always good); at best, it would indefinitely snarl the project in so many complications that Italy's dependence upon Russian natural gas could become absolute. Either way, Russia would get itself more deeply entrenched into European energy markets. All in all, not a bad payout for a day's work.

But first Russia has to get in. Libya has the money to be a bit finicky on weapons sales, and while Russia has multiple levers to use against Libya, so do the Europeans. Yet despite their recent setbacks, and despite their power struggles, the Russians are still giving the West a run for its money in what the West thinks of as its own backyard. Even if Putin's gambit fails miserably -- and that is unlikely -- the challenge alone is noteworthy.

Global Market Brief: Libya Opens Up to Europe

July 26, 2007 | 2121 GMT

Libya on July 24 released six medics, who had been imprisoned for eight years for allegedly deliberately infecting more than 400 Libyan children with HIV, to Bulgaria. Libya's extradition of the medics ended a long diplomatic standoff and heralded a new era of EU-Libyan relations -- one that will open Libya to much-needed investment while giving Europe another investment outlet and a means to secure energy supplies.

Libya needs investment in its energy sector, but the country has long been off-limits for foreign companies, despite the great appeal of its vast energy resources. The discovery of significant energy reserves there in the late 1950s attracted significant foreign investment, but all this changed once Libyan leader Moammar Gadhafi nationalized the industry in the early 1970s. Libya seemed to revel in its status as an international pariah for years, though that status led to a lack of investment and thus necessitated the use of outdated technology in the energy sector. However, the 9/11 attacks triggered significant changes, as Gadhafi believed he might become a target of U.S. ire. Among other conciliatory measures, Libya announced plans to rid itself of all weapons of mass destruction in 2003. Despite Gadhafi's peace offerings, [the six medics' case](#) still posed a problem for Europeans and negated any chances for enhanced EU-Libyan relations. Now, with the medics back in their home country, Libya is eligible for European investment.

Libya will find that the European Union is a willing and capable investor; Europe stands to benefit just as much as -- if not more than -- Libya does from a business relationship between the two. The European Union has long looked to [decrease its dependence on Russia](#), and increasing energy imports from Libya would give Brussels more breathing room in its dealings with Russia.

Libya has proven natural gas reserves of slightly more than 53 trillion cubic feet (tcf), but the country's actual reserves could be as much as 70-100 tcf. Furthermore, Libya hopes that foreign participation will allow it to increase its oil production capacity from its current 1.6 million barrels per day (bpd) to 2 million bpd -- a level Libya has not seen since the late 1970s -- between 2008 and 2010, and to 3 million bpd by 2015. For purposes of comparison, Europe consumes more than 15 million bpd, using most of the roughly 6 million bpd of oil and oil products exported by Russia.

While the size of Libya's reserves is significant, its location might be even more so. Europe has been tied to Russia in part because of geographic proximity and land ties that make pipelines between the two countries easy to construct, but Libya also is [close to home](#) for the Europeans. Italy, which is perched above Libya across the Mediterranean, stands to gain significantly as a transit point for supplies going to the rest of Europe, particularly as a liquefied natural gas hub.

European energy companies are giddy at the prospect of investing in Libya, and European leaders are opening the door for them. A spokesman for then-British Prime Minister Tony Blair on May 29 announced BP's return to Libya after a 33-year hiatus. Not to be left out, French President Nicolas Sarkozy traveled to Libya on July 25 to discuss the countries' political and economic ties.

Tripoli, meanwhile, has been more than willing to cooperate. On July 8, Libya announced plans to allow foreign companies to bid on the exploration of its natural gas reserves. Libya will offer a dozen contracts to explore 41 natural gas blocks, formally presenting the fields for development in August, with the final allocation of the fields set for December. While Libya has opened up to international bids for its oil reserves in the past, this reportedly is the first open bid for its natural gas reserves -- and companies already are champing at the bit.

Chemical companies are likely to follow close behind oil and natural gas companies moving into Libya; it makes business sense for chemical companies to locate their facilities in areas with plenty of natural gas, a primary raw material in the industry. Over time, Libya also will likely open further to other industries, such as tourism and banking. In fact, in 2005 Libya announced its intention to encourage the [development of its tourism sector](#); European investment will allow the country to make greater strides toward that goal.

Libya also is poised to be perhaps the first export customer for [the Rafale fighter](#), manufactured by France's Dassault Systemes. Other military hardware purchases likely would follow, and the EU defense industry could certainly use the business.

Not everyone will come out a winner as Libya emerges as a major international partner, however; Russia is the obvious loser. Whatever leverage European countries gain by having Libya as an alternate energy source, Russia will lose that much influence over Europe -- and there is just not much Russia can do to stop Europe from turning to Libya for energy supplies.

Libya is not without its drawbacks, however. The country has its own terrorist threat -- the Libyan Islamic Fighting Group, part of the

[newly organized regional jihadist node](#) called the al Qaeda Organization for the Countries of the Arab Maghreb. Still, the threat in Libya is lower than in other countries in the region. Unless the Libyan jihadists use the entry of foreign energy companies as an opportunity to step up operations significantly -- which is a possibility -- Libya likely will remain an appealing option.

Although it appears Libya will enjoy a strong start as its economy opens, there is no guarantee the country will continue along this trajectory. Gadhafi is a strong leader who is committed to opening up the country to foreign investors. However, it remains to be seen how well his son Seif al-Islam will lead the country after his father passes away. It is not clear that al-Islam will be both able and willing to maintain an environment conducive to foreign operations. Although Gadhafi's son is open to foreign investment now, he could always have a change of heart. Regardless, Gadhafi appears to be in relatively good health for a man over 60 years old, and he could keep Libya on its present path for years to come.

Although investment is rushing quickly into Libya, changes will not happen overnight. Libya has been devoid of significant foreign investment for nearly three decades; revamping the infrastructure and building facilities will take time. However, Libya is positioned for some long-term changes that could see it transform from a pariah into an investment hot spot.

BRAZIL: Brazil is creating 17 new Export Processing Zones in the northeast and central areas of the country. Though the zones are intended to offer incentives for businesses, they have disappointed the business lobby and thrust another thorn in the side of regional trading bloc Mercosur. On July 23, the government announced that President Luiz Inacio "Lula" da Silva had vetoed 19 provisions of the law that authorizes the zones, including a core provision that would have given companies operating in them five years of tax immunity. Da Silva argued that these provisions would have violated Brazil's World Trade Organization obligations. Manufacturers expressed concern that the incentives provided in the bill simply match the incentives already provided by other mechanisms. Meanwhile, Argentina argued that by allowing as much as 20 percent of textiles and other items manufactured in the new zones to be sold in-country, Brazil will be subsidizing products that will compete with Argentine products in the Mercosur market. Brazil has been attempting to take steps to appease manufacturers concerned about a steeply appreciating real, but it seems the creation of the new zones mostly will antagonize Argentina without satisfying Brazilian domestic interests.

NIGERIA: Nigerian President Umaru Yaradua has urged the development of nuclear power to provide electricity for his country, Nigerian media reported July 24. A major obstacle to Nigeria's economic development, and to pacifying militants in the Niger Delta, is the lack of a widespread, reliable supply of electricity. If Nigeria's economy is to diversify away from energy exports, additional power plants -- whether fueled by natural gas, coal, wind or nuclear -- must be constructed. However, there are political and fiscal obstacles to such construction projects. A modern nuclear reactor costs about \$3 billion to construct -- roughly 20 percent of Nigeria's 2007 budget. Furthermore, if Yaradua proceeds with the construction of a nuclear reactor, he will have to reduce official corruption drastically before such a project can succeed. Although a reactor would greatly benefit Nigeria, the financial and political barriers are too much even for a promising president such as Yaradua to overcome.

CHINA/U.K.: Bob Diamond, president of London-based financial firm Barclays, said in a TV interview aired July 23 that his firm has entered a long-term strategic partnership with the China Development Bank (CDB) and with Temasek Holdings -- one of Singapore's two state investment companies. The deal, brokered by U.S. equity giant Blackstone Group, will give the CDB a long-term strategic partnership with Barclays, a nonexecutive seat on its board and collaboration with Barclays in commodity, asset management and payment transaction systems activities. The partnership is expected to boost Barclay's takeover bid for Dutch bank ABN Amro by an additional 37 percent in cash value. Beijing also will gain a strategic advantage from Barclays' extensive presence throughout Africa. By purchasing not only political loyalties but also business loyalties, and by leveraging off Barclays' extensive penetration of both relatively rich and relatively poor African countries, Beijing has added an additional measure of support for Chinese investor interests in Africa.

ALGERIA/EU: Algeria is on course to reach its goal of exporting 85 billion cubic meters (bcm) per year of natural gas by 2010, according to Energy and Mines Minister Chakib Khelil. Quoted in a July 25 report by an Algerian state-owned newspaper, Khelil said Algeria already can produce that volume, but that exporting it depends on the completion of work to boost its natural gas pipeline export capacity to Europe. In other words, Algeria has a potential natural gas surplus, and foreign investors need to finish building these pipelines so the country can expand its exports by roughly 25 bcm per year. Europe is Algeria's largest energy client, and two pipeline projects already are in progress. One is the 910-mile Galsi natural gas pipeline to Italy through Sardinia, which is due to come on line in 2010 with a capacity of 8 bcm. The other is the 8-bcm undersea Medgaz pipeline to Spain, which also will carry natural gas to Portugal and France. This pipeline is expected to be completed in 2009. Increased energy cooperation with Algeria will allow Europe to decrease its energy dependence on Russia.

IRAQ: Iraq's parliament approved a draft law July 24 that allows foreign companies to build and operate oil refineries in the country. The law stipulates that regional governments and provincial authorities can deal individually with foreign companies, sign contracts and award

licenses for the construction of refineries. Though the refinery law is great news for foreign investment in Iraq's northern and southern regions, it is separate from the contentious hydrocarbons law that continues to be mired in sectarian and regional worries. The Patriotic Union of Kurdistan (PUK) bloc of the Kurdistan Regional Government walked out of parliament July 24 to protest discussions on the hydrocarbons law, which the PUK wants delayed. The law has been submitted to parliament but has not yet been debated by the full legislature.

EU/RUSSIA: Despite a recent decision by the European Union to lift restrictions on diamond trading with Russian state-owned diamond company Alrosa, diamond giant De Beers has said it is not likely to increase trade with Alrosa, The Moscow Times reported July 23. De Beers is moving away from cartel-like control over the diamond industry, as evidenced by its market share, which dropped from 80 percent a decade ago to its current level of 50 percent. The European Commission edict requiring De Beers to halt trade with Alrosa by 2009 reduced trade in rough diamonds between the two companies from \$600 million in 2006 to an expected \$500 million in 2007; such trade is projected to fall by another \$100 million by the end of 2008. Alrosa increasingly is working to position itself as a major player in the international diamond trade and is likely to move away from De Beers, with which it has cooperated in the past.

EU/TURKEY: Italy, Turkey and Greece will soon sign an agreement to build a connecting pipeline from Greece to Italy to link Italy into a natural gas pipeline network originating in Turkey, Greek Development Minister Dimitris Sioufas said July 25. The pipeline has been in the works for several years, and the segment running from Turkey to Greece is expected to come on line Aug. 10. Construction will start on the final section linking to Italy at the beginning of 2008. For Europe, the pipeline -- a success amid myriad pipeline plans that have been delayed for political and technical reasons -- is a small step toward the large goal of energy diversification. But for Russia, Turkey's development as an energy hub means diverting natural gas away from Russian transport networks and introducing Central Asian and Middle Eastern competition for the European energy market.

How a Libyan No-fly Zone Could Backfire

March 8, 2011 | 1550 GMT

By George Friedman

Calls are growing for a no-fly zone over Libya, but a power or coalition of powers willing to enforce one remains elusive.

In evaluating such calls, it is useful to remember that in war, Murphy's Law always lurks. What can go wrong will go wrong, in Libya as in Iraq or Afghanistan.

Complications to Airstrikes

It has been pointed out that a no-fly zone is not an antiseptic act. In order to protect the aircraft enforcing the no-fly zone, one must begin by suppressing enemy air defenses. This in turn poses an intelligence problem. Precisely what are Libyan air defenses and where are they located? It is possible to assert that Libya has no effective air defenses and that an SEAD (suppression of enemy air defenses) attack is therefore unnecessary. But that makes assumptions that cannot be demonstrated without testing, and the test is dangerous. At the same time, collecting definitive intelligence on air defenses is not as easy as it might appear -- particularly as the opposition and thieves alike have managed to capture heavy weapons and armored vehicles, meaning that air defense assets are on the move and under uncertain control.

Therefore, a no-fly zone would begin with airstrikes on known air defense sites. But it would likely continue with sustained patrols by SEAD aircraft armed with anti-radiation missiles poised to rapidly confront any subsequent threat that pops up. Keeping those aircraft on station for an extended period of time would be necessary, along with an unknown number of strikes. It is uncertain where the radars and missiles are located, and those airstrikes would not be without error. When search radars and especially targeting radars are turned on, the response must be instantaneous, while the radar is radiating (and therefore vulnerable) and before it can engage. That means there will be no opportunity to determine whether the sites are located in residential areas or close to public facilities such as schools or hospitals.

Previous regimes, hoping to garner international support, have deliberately placed their systems near such facilities to force what the international media would consider an atrocity. Libyan leader Moammar Gadhafi does not seem like someone who would hesitate to cause civilian casualties for political advantage. Thus, the imposition of a no-fly zone could rapidly deteriorate into [condemnations for killing civilians](#) of those enforcing the zone ostensibly for humanitarian purposes. Indeed, attacks on air defenses could cause substantial casualties, turning a humanitarian action into one of considerable consequence in both humanitarian and political terms.

Airstrikes vs. Ground Operations

The more important question is what exactly a no-fly zone would achieve. Certainly, it would ground Gadhafi's air force, but it would not come close to ending the fighting nor erode Gadhafi's other substantial advantages. His forces appear to be better organized and trained than his opponents, who are politically divided and far less organized. Not long ago, Gadhafi largely was written off, but he has more than held his own -- and he has held his own through the employment of ground combat forces. What remains of his air force has been used for limited harassment, so the imposition of a no-fly zone would not change the military situation on the ground. Even with a no-fly zone, Gadhafi would still be difficult for the rebels to defeat, and Gadhafi might still defeat the rebels.

The attractiveness of the no-fly zone in Iraq was that it provided the political illusion that steps were being taken, without creating substantial risks, or for that matter, actually doing substantial damage to Saddam Hussein's control over Iraq. The no-fly zone remained in place for about 12 years without forcing change in Saddam's policies, let alone regime change. The same is likely to be true in Libya. The no-fly zone is a low-risk action with little ability to change the military reality that creates an impression of decisive action. It does, as we argue, have a substantial downside, in that it entails costs and risks -- including a high likelihood of at least some civilian casualties -- without clear benefit or meaningful impact. The magnitude of the potential civilian toll is unknown, but its likelihood, oddly, is not in the hands of those imposing the no-fly zone, but in the hands of Gadhafi. Add to this human error and other failures inherent in war, and the outcome becomes unclear.



JOHN MOORE/Getty Images

A more significant action would be intervention on the ground, an invasion of Libya designed to destroy Gadhafi's military and force regime change. This would require a substantial force -- and it should be remembered from Iraq that it would require a substantial occupation force to stabilize and build a new regime to govern Libya. Unlike in Egypt, Gadhafi is the regime, and sectarian elements that have been kept in check under his regime already are coming to the fore. The ability of the country to provide and administer basic government functions is also unknown. And it must also be borne in mind that Gadhafi clearly has substantial support as well as opposition. His supporters will not go without a fight and could choose to wage some form of [post-invasion resistance](#), as in Iraq. Thus, while the initial costs in terms of casualties might be low, the long-term costs might be much higher.

It should also be remembered that the same international community that condemned Saddam Hussein as a brutal dictator quite easily turned to condemn the United States both for deposing him and for the steps its military took in trying to deal with the subsequent insurgency. It is not difficult to imagine a situation where there is extended Libyan resistance to the occupying force followed by international condemnation of the counterinsurgency effort.

Having toppled a regime, it is difficult to simply leave. The idea that this would be a quick, surgical and short-term invasion is certainly one scenario, but it is neither certain nor even the most likely scenario. In the same sense, the casualties caused by the no-fly zone would be unknown. The difference is that while a no-fly zone could be terminated easily, it is unlikely that it would have any impact on ground operations. An invasion would certainly have a substantial impact but would not be terminable.

Stopping a civil war is viable if it can be done without increasing casualties beyond what they might be if the war ran its course. The no-fly zone likely does that, without ending the civil war. If properly resourced, the invasion option could end the civil war, but it opens the door to extended low-intensity conflict.

The National Interest

It is difficult to perceive the U.S. national interest in Libya. The [interests of some European countries, like Italy](#), are more substantial, but it is not clear that they are prepared to undertake the burden without the United States.

We would argue that war as a humanitarian action should be undertaken only with the clear understanding that in the end it might cause more suffering than the civil war. It should also be undertaken with the clear understanding that the inhabitants might prove less than grateful, and the rest of the world would not applaud nearly as much as might be liked -- and would be faster to condemn the occupier when things went wrong. Indeed, the recently formed opposition council based out of Benghazi -- the same group that is leading the calls from eastern Libya for foreign airstrikes against Gadhafi's air force -- has explicitly warned against any military intervention involving troops on the ground.

In the end, the use of force must have the national interest in mind. And the historical record of armed humanitarian interventions is mixed at best.

Intelligence Guidance: The Islamist Opening in Libya

August 31, 2011 | 1204 GMT

Editor's Note: *The following is an internal STRATFOR document produced to provide high-level guidance to our analysts. This document is not a forecast, but rather a series of guidelines for understanding and evaluating events, as well as suggestions on areas for focus.*

New Guidance

Islamist Opportunities in Libya's Chaos

We need to be watching for an emerging Islamist threat in Libya.

Specifically, drill down into the factions of the Libyan opposition and anticipate where fissures are likely to reveal themselves. Remember that

the Islamist landscape in Libya has changed significantly in the past years, as Moammar Gadhafi spent considerable resources cracking down on Libyan militants and in an effort to prevent blowback from Libyan fighters returning home from the Iraq War. Identify the Islamist factions emerging out of the Libyan power vacuum. Which are involved with the National Transitional Council and which are operating with a greater degree of autonomy? Put yourself in the shoes of a former Libyan Islamic Fighting Group member aligned with al Qaeda in the Islamic Maghreb (AQIM). What are you calculating at this stage of the war? Does civil war serve your interests more than continuing your support for the rebel council?



DANIEL BEREHULAK/Getty Images

Algeria's primary concern is the rise of Islamists in Libya. We have already seen a steady rise in AQIM activity since the start of the Libyan conflict. How is the Libya situation affecting Algeria's ongoing political struggle with Islamist militants? What will, or rather, what can Algeria and Egypt do to contain this growing threat?

Follow the [standing guidance on Libya](#) in evaluating Gadhafi's survival strategy. In addition, determine whether Gadhafi is able to limit the water supply into Tripoli from his strongholds in Sirte or Sabha, and if so, to what degree. As this conflict drags out and the rebel movement becomes more visible, watch for emerging disagreements among participating NATO member states -- disagreements that could reveal themselves in a post-Gadhafi scenario.

Considering a Syrian Regime Collapse

The Syrian conflict is dragging on, but it also appears increasingly unsustainable. Do not fall into complacent analysis on Syria. Identify and internalize the precursors for a collapse of Syrian President Bashar al Assad's regime. Watch carefully for signs of significant dissent within the Alawite community, the Alawite ranks of the army and the urban business community. A military coup is far more likely to displace al Assad and his clan than is the rise of a coherent opposition. Play out the implications for Lebanon, Iraq, Turkey, Iran and Israel should the al Assad regime fall. How far is Iran able and willing to go in its efforts to sustain the Syrian regime, and what are Iran and Hezbollah doing in preparation for a worst-case scenario?

U.S.-Taliban Negotiations and Pakistan's Role

The Afghanistan/Pakistan theater has been relatively quiet in recent weeks. There are indications that talks are restarting between the United States and the Taliban, with Pakistan mediating, as Washington searches for a deal to bring closure to the war. We need to keep an eye on these negotiations, watching especially any moves made by Mullah Mohammad Omar and the [Haqqani network's leadership](#). Be on alert for attempts by the Taliban to strengthen their negotiating position through large-scale attacks on U.S. forces, along the lines of the Aug. 6 CH-47 Chinook crash that killed 22 U.S. Navy SEALs.

Washington and Tehran Grapple for Influence in Iraq

What is the status of U.S. negotiations to extend its military presence in Iraq? If the United States is able to maintain a military presence in Iraq beyond 2011 to block Iran, we need to know the number of troops allowed under whatever manner of deal is brokered with Iran via Iraqi factions. We need to know where the U.S. troops would be based, what types of forces would be deployed and what capabilities they would possess. What sort of presence would the United States be able to maintain in Kuwait?

What is Iran doing to block U.S. efforts in Iraq? Examine Iran's battle with Kurdish militants in northern Iraq and in the Iran-Iraq borderland in this context, as Tehran seeks to pressure the Kurdistan Regional Government on the issue of maintaining U.S. bases in Iraq. What is Turkey's view on the U.S. bid to maintain a military foothold in Iraq?

Deciphering the Hamas Agenda

Follow the [standing guidance](#) on deciphering Hamas' agenda in the lead-up to the [U.N. vote on Palestinian statehood](#). In addition, keep track of the negotiations taking place between Egypt and Israel on increasing Egypt's troop presence in the Sinai Peninsula. We need to follow the internal discussions in Israel over whether the Israeli government will continue absorbing the strategic risk of remilitarizing this buffer area in the hopes of overcoming the short-term tactical threat of Sinai- and Gaza-based militancy.

Continuing Guidance

Click [here](#) for continuing guidance on the eurozone crisis, Russia-Iran relations, social stability in China and Turkish diplomatic inaction.

Intelligence Guidance: The Libyan Fog of War

August 24, 2011 | 1209 GMT

Editor's Note: *The following is an internal STRATFOR document produced to provide high-level guidance to our analysts. This document is not a forecast, but rather a series of guidelines for understanding and evaluating events, as well as suggestions on areas for focus.*

New Guidance

The Situation in Libya and Gadhafi's Staying Power

The first thing to bear in mind when trying to discern what will come out of the [Libya crisis](#) is that a massive disinformation campaign, involving both Western intelligence agencies and the Libyan rebel forces, is in play and is designed specifically to create the illusion that Libyan leader Moammar Gadhafi's faction is ready to capitulate. Avoid getting wrapped up in the media hysteria and put yourself in the shoes of the deceiver: search for and identify the areas where stories are likely being planted and treat all rebel claims with suspicion.



MAHMUD TURKIA/AFP/Getty Images

- Understand better the intelligence disadvantages NATO is facing in its efforts to bring closure to this military campaign. Blunders in the disinformation campaign will be revealing of the constraints of the alliance.
- Put yourself in the mind of Gadhafi. What do you need to do at this point to simply survive and ensure that the war doesn't end? Gadhafi cannot defeat NATO, but he can try to wear NATO down.
- What is the status of Gadhafi's forces? Test the popular claim that the low level of resistance the rebels have encountered in Tripoli is largely due to mass defections. What areas of Tripoli remain under the control of Gadhafi loyalists? Have the majority of Libyan government forces retreated from the capital to Gadhafi strongholds east of Tripoli in the Sirte and Sabha regions of central Libya? Are there any signs of Gadhafi loyalists preparing for a transition to guerrilla warfare? Keep track of the areas from which Gadhafi's attacks are being launched to assess where his forces remain.
- Watch for deeper [fissures to emerge within the rebel camp](#) as competition grows between the western-based rebels who led the Tripoli offensive and the Benghazi-based eastern rebels. Will Tripoli residents resist the Benghazi-based National Transitional Council's attempt to relocate its headquarters to Tripoli?
- On the energy questions, look for reliable damage assessments on energy fields, pipelines and ports. What is the status of the Libyan National Oil Corp.'s labor force? We know many have defected, but we need to find out if a significant number of workers remain or are willing to come back to work. These will be the first people relied on to try to bring oil and natural gas back online.
- What is the Russian read on Gadhafi's staying power? Remember, Russia has deep intelligence links with the Gadhafi regime and is so far acting as if it expects instability in Libya to last for an extended period of time. Italy, particularly Italian energy firm ENI, is another significant player in Libya that likely has a better grasp of the situation than most.

Deciphering the Hamas Agenda

The U.N. General Assembly vote on Palestinian statehood is roughly four weeks away. Test the [following hypothesis](#) rigorously: Hamas could be eyeing an opportunity to break out of isolation and distinguish itself from Fatah in the lead-up to this vote. We would thus expect to see Hamas engage in actions designed to lure Israel into another military invasion of Gaza. The moves will not be obvious, as Hamas is likely to rely on proxy groups while maintaining plausible deniability through denials and public commitments to cease-fires to make itself appear the victim of Israeli aggression.

- Don't place a lot of emphasis on Hamas' public statements. Look for signs of the group preparing for a confrontation with Israel Defense Forces (IDF).
- Dig into the IDF claims that last week's Eilat attacks were committed by the Palestinian Resistance Committees (PRC) in collaboration with Hamas. What is the PRC's relationship with Hamas? What is the current reality of the Salafist-jihadist presence in the Sinai? What are the links between al Qaeda in the North Sinai and the Palestinian militant landscape?
- Is there potential for such groups to collaborate with groups like Hamas via the PRC? Are there any concrete signs that Hamas' authority is declining in Gaza?
- What is Cairo trying to do to prevent such militant factions from triggering a crisis between Egypt and Israel?

- Are there any signs of Iran, Syria and/or Hezbollah operating quietly to facilitate a conflict between Israel and Hamas to divert from the crisis in Syria?
- Watch for signs of Israeli military preparations for Gaza. Get a good read on the current level of political pressure on Israeli Prime Minister Benjamin Netanyahu's already shaky political coalition.

Continuing Guidance

The Eurozone Crisis and Germany's Move

Watch for signs that [Finland's move to negotiate a deal with Greece](#) to provide Athens with collateral for new loans is catching on with other potential lenders. This could exacerbate growing bailout fatigue in Germany and further complicate the eurozone's efforts to avoid an intensification of the financial crisis.

Click [here](#) for more continuing guidance on Russia and Iran, social stability in China, the Syrian crisis, Turkish diplomatic inaction and Turkey's relations with Iran and the Kurds.

Intelligence Guidance: Week of July 3, 2011

July 5, 2011 | 1014 GMT

Editor's Note: *The following is an internal STRATFOR document produced to provide high-level guidance to our analysts. This document is not a forecast, but rather a series of guidelines for understanding and evaluating events, as well as suggestions on areas for focus.*

New Guidance

1. Iraq: The deadline for a drawdown of U.S. military forces from Iraq looms. According to the current Status of Forces Agreement, U.S. forces are mandated to be out of the country by the end of the year.

Washington has been unable to negotiate an extension or new agreement, and Iran's political levers in Iraq thus far appear enough to keep these negotiations from advancing. Is the impasse between Washington and Baghdad resolvable in the near future or will the United States be forced to remove its most important leverage in Iraq and the immediate region? Does the removal of U.S. forces lead to an immediate rise in Iranian regional influence? What levers does Iran have to press its agenda? How far is Iran willing to go? How are the Arab regimes looking at the potential for U.S. withdrawal and Iranian implications?

2. Israel/Palestinian Territories: A multinational, 11-ship aid flotilla intent on running the Gaza blockade has been delayed but it remains a potential issue between Israel and the surrounding region. Meanwhile, matters between Hamas and Fatah remain unsettled. How do Hamas and Hezbollah seek to benefit from the situation? Where and how is Iran attempting to push matters? What actions does Israel take to preserve its interests?

3. Egypt: Attempts are already under way to rebuild the scale and fervor of the February protests in Cairo's Tahrir Square. The regime has consolidated, but remains in a sensitive position. We need to watch this balance closely, particularly alert for any sign of a shift in the political rhetoric of the protests toward a more anti-Israeli line. Beyond the question of Israeli policy, how secure is the military's hold on the political process? Is the military willing to allow a resurgence of large-scale social protests in Cairo? Are there anti-military regime sentiments growing outside the capital, or is this issue primarily one limited to the city? What level of foreign pressure is being applied, and how does that shape the options for the military regime to respond to protests?

4. Yemen: While the situation in Sanaa remains critical, we need to examine the violence in the south of the country. Yemen is a weak and fractious political entity, and the opportunity that the crisis in Yemen has opened up for any number of factions across the country is significant. Is the violence we see limited enough to be suppressed easily once matters in Sanaa are settled, or is this a more systemic breakdown of the political structure of Yemen? Do the security forces have the capability and internal cohesion to effectively contain and manage it? We also need to continue to monitor the status of Yemeni President Ali Abdullah Saleh in Saudi Arabia and his sons in Yemen.

5. China is celebrating the 90th anniversary of the founding of the Communist Party, and amid the Red nostalgia, anecdotal reports are emerging of rising nationalism directed against not only Western institutions and ideas, but against individuals. Are the anecdotes of rising Red nostalgia and nationalism symptomatic of a change in the socio-economic balance, or are they a short-term reflection of the anniversary celebrations? We have been watching the Red campaigns in Chongqing, which appear to be an experiment to reclaim Party authority in a time of weakening economics. How does the Chinese government read the economic situation in the country? Does the government perceive a nearing end to the 30-plus years of economic growth trends, and if so, how do they reshape the Party legitimacy in the face of the changing economic realities?

Existing Guidance

1. Afghanistan/Pakistan: U.S. President Barack Obama has begun to redefine the war in Afghanistan. The initial drawdown of forces that he announced was not widely out of conformity with what his current, outgoing military advisers wanted. We need to understand what his new, incoming military advisers will say as they make their own assessment of the status and trajectory of the war in Afghanistan. We need to continue to examine the potential for a new, more aggressive push for political accommodation in line with any shift in the U.S. position on the war -- attempts to accelerate the drawdown will be important. In addition, we need to remain focused on the relationship



Wathiq Khuzai/Getty Images

between Washington and Islamabad.

2. Libya: The government of Libyan leader Moammar Gadhafi has again raised the possibility of domestic elections, but it remains staunchly opposed to any scenario in which Gadhafi would be forced to leave the country. While the military situation does not appear to be changing, the political will that underlies the international mission against Gadhafi is operating under considerable strain. We need to continue to watch for shifts in how the air campaign is perceived, as well as the fallout of recent defections from Gadhafi's camp.

3. Syria: While there is little indication that the opposition in Syria is close to endangering the regime, a major split within the military could be significant. Reports and STRATFOR sources have suggested an increased level of desertion and possible defection, but the true magnitude of those defections is unclear. Are reports of systemic defections credible? Is the regime losing conscripts, or are more capable soldiers and officers joining the opposition itself?

4. China: China's economic growth rate has shown slight signs of slowing in recent months. Chinese authorities have struggled all year to control inflationary pressures and rapid growth, but now they are starting to confront the potential downside to those efforts. Is China facing a moderate slowdown or one that could prove to be more precipitous? How will they adjust policy to deal with simultaneous concerns about inflation and growth? How will China handle rising economic uncertainty along with other problems, including social unrest and territorial disputes with neighbors?

5. Iran: What is the status of the power struggle between Supreme Leader Ayatollah Ali Khamenei and President Mahmoud Ahmadinejad? We need to understand how far Ahmadinejad is willing to push matters. Also, will the dispute affect Iran's moves in the intelligence sphere and in its foreign policy? Even if there is a compromise, we need to monitor this dynamic because it has the potential to redefine the balance of power within the Islamic republic.

EURASIA

- Unspecified Date: Punjab Chief Minister Shahbaz Sharif is expected to visit the United Kingdom for talks with British officials about the Pakistani government's decision to not accept conditional foreign aid and the fight against Islamist militants.
- July 5: French Finance Minister Christine Lagarde is scheduled to begin her five-year term as the managing director of the International Monetary Fund.
- July 5: Belarus is scheduled, by contract, to conclude the payment of its electricity bill to Russia.
- July 5: Lithuanian Prime Minister Andrius Kubilius is scheduled to visit Azerbaijan in order to discuss bilateral cooperation with Azerbaijani officials.
- July 5-8: Representatives of Mercosur and the European Union will continue talks in Brussels regarding a free trade association
- July 6: The Collective Security Organization is set to hold a two-day rapid reaction military exercise. All members -- Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan -- are scheduled to participate.
- July 6: Azerbaijani Foreign Minister Elmar Mammadyarov is set to make a two-day visit to France to meet his French counterpart, Alain Juppe, in Paris. The officials are set to discuss the resolution of the Armenian-Azerbaijani Nagorno-Karabakh conflict.
- July 6: Serbian President Boris Tadic is scheduled to visit Sarajevo, Bosnia-Herzegovina, to meet with government officials.
- July 7: The European Central Bank's governing council is scheduled to convene in Frankfurt to discuss the Greek bailout and interest rates.
- July 7: Russia and Norway's agreements on the delineation of their maritime border in the Barents Sea and cooperation regarding hydrocarbon exploration in the Arctic are set to come into force.
- July 7: The Hungarian train engine union and other public transport unions in Budapest are scheduled to hold a warning strike
- July 7: Haitian President Michel Martelly is scheduled to visit Spain. He is set to meet Spanish Prime Minister Jose Zapatero and King Juan Carlos in Madrid and discuss Spain's humanitarian efforts in Haiti.
- July 7: The first round of terrorist flight engagement exercises between Russia and NATO are scheduled to take place in the airspace between Krakow, Poland, and Russia. Polish F-16s fighter jets are slated to intercept a mock hijacked Russian civilian airliner
- July 7: The office term of Latvian President Valdis Zatler is set to end.
- July 8: The German parliament is scheduled to vote on a package of energy-related legislation. Potential laws include the acceleration of the nuclear program shutdown
- July 8: The French Court of Justice is expected to announce whether it will investigate French Finance Minister (and new International Monetary Fund chief) Christine Lagarde for her resolution of a legal battle with entrepreneur Bernard Tapie in 2008

MIDDLE EAST/SOUTH ASIA

- July 5-6: The first round of negotiations between India and Peru on an investment promotion and protection treaty will continue in New

Delhi.

- July 5-17: The Royal Saudi Air Force and Egyptian air forces will continue taking part in the military exercise "Faisal" in Egypt.
- July 5: The commission tasked with probing the U.S. operation that killed al Qaeda chief Osama bin Laden in Abbottabad, Pakistan, will meet. The commission is expected to decide on a timeframe in which it will complete its investigation.
- July 5: The second aid flotilla organized by a Turkish group for solidarity with the Gaza Strip is expected to sail to Gaza.
- July 6: Iranian First Vice President Mohammad Reza Rahimi will visit Iraq to attend a meeting of the Tehran-Baghdad High Commission of Economic Cooperation. Iran and Iraq are to sign several agreements including deals on customs, investment and other economic issues.
- July 6: Bahrain's First Lower National Safety Court will adjourn six criminal cases in which the defendants were charged with attempted murder and illegal protesting.
- July 8: The January 25 Revolutionary Youth Coalition will hold a protest in Egypt's Tahrir Square to pressure officials to speed up the trials of those accused of killing protesters during the revolution.

EAST ASIA

- Unspecified Date: South Korean Defense Minister Kim Kwan Jin will travel to China to meet with his counterpart, Liang Guanglie, in early July to discuss the Korean peninsula and bilateral issues.
- July 5-8: The United States and Philippines will continue to hold the Cooperation Afloat Readiness and Training exercises in the Sulu Sea. The training focuses on anti-terrorism and crime.
- July 5-26: Tibet will continue to be closed to foreigners due to several politically sensitive dates, including the 60th anniversary of Chinese rule over Tibet.
- July 7-9: Philippine Foreign Affairs Secretary Albert Del Rosario will meet with Chinese Foreign Minister Yang Jiechi in Beijing to discuss bilateral ties, including territorial disputes in the South China Sea.
- July 9: Three separate groups have planned illegal protests in Malaysia. A rally by the Bersih for electoral reform will occur, as will counter-protests by two other groups: Perkasa and the youth movement of the ruling party, United Malays National Organization.
- July 9-13: U.S. Chairman of the Joint Chiefs of Staff Adm. Mike Mullen will meet with the Chinese Chief of the General Staff of the People's Liberation Army Gen. Chen Bingde in Beijing for military-to-military talks.

AMERICAS

- Unspecified Date: Marina Silva, green party candidate in Brazil's previous presidential election, is expected to formally announce her exit from the party and intention to found a new one with like-minded colleagues.
- July 5: The bicentennial celebration of Venezuela's Declaration of Independence from Spain will take place.
- July 5: Dairy farmers in the Argentine provinces of Santa Fe and Cordoba are expected finalize plans for protests because the government has not responded to their concerns.
- July 6-7: Peru's parliament will hold an extraordinary session, at the request of Peruvian President Ollanta Humala, to discuss key projects in health, education and anti-corruption measures.
- July 7: Mexican President Felipe Calderon will pay an official one-day visit to his Ecuadorian counterpart, Rafael Correa, in Quito.
- July 7-9: Japan and Australia will hold joint air force drills over Alaska on the sidelines of a larger international drill in the United States that began June 27 and will last through July 29.
- July 9: Honduran President Porfirio Lobo will begin discussions with different political factions about constitutional reforms.
- July 10: The centrist Venezuelan political party Voluntad Popular will hold internal elections.

AFRICA

- July 6: South Korean President Lee Myung Bak will visit the Democratic Republic of Congo to discuss cooperation in developing energy resources and building infrastructure.
- July 7: The South Sudanese Parliament will pass the Draft Transitional Constitution of the Republic of South Sudan.
- July 8: South Korean President Lee Myung Bak will visit Ethiopia to meet with Ethiopian Prime Minister Meles Senawi. The two are expected to exchange opinions on green growth and agricultural cooperation.
- July 9: South Sudan will declare its independence.

Intelligence Guidance: Week of June 19, 2011

June 20, 2011 | 1134 GMT

Editor's Note: *The following is an internal STRATFOR document produced to provide high-level guidance to our analysts. This document is not a forecast, but rather a series of guidelines for understanding and evaluating events, as well as suggestions on areas for focus.*

New Guidance

1. Afghanistan/Pakistan: Leaks and reports continue to suggest that the Obama administration is in the process of preparing its allies and the American public for a shift in how it defines the war in Afghanistan and for an accelerated timetable for troop withdrawal. Though debates continue, STRATFOR sources have suggested that something is afoot. The reports could be an attempt to reshape the psychology of the war to lay the foundation for more substantive shifts down the road. It could be more immediately significant. We need to focus on the impending White House announcement expected within (at most) the next few weeks. The nature and magnitude of any shift will affect the region as well as U.S. allies in the NATO-led International Security Assistance Force. What have the allies heard? What early reactions to the debate are we seeing around the world?



Paula Bronstein/Getty Images

Meanwhile, outgoing U.S. Defense Secretary Robert Gates has acknowledged that there are efforts under way to negotiate with the Taliban but that those remain "very preliminary." That the United States is interested in negotiations is not new. Nevertheless, the potential for a new, more aggressive push for political accommodation in line with any shift in the U.S. position on the war and attempts to accelerate the drawdown will be important.

In addition, Gates called out Islamabad for warning militant bombmakers of impending attacks on their facilities when the United States has shared intelligence with Pakistan. We need to remain focused on the relationship between Washington and Islamabad. This relationship will be critical to any attempt by the United States to accelerate its withdrawal from Afghanistan. From existing guidance: What is the status of the balance among Pakistan's civilian leadership, the military and the intelligence apparatus? What is the impact on already strained U.S.-Pakistani relations? How far is Washington willing to push Islamabad, and how much of the talk in Washington will really have an impact?

2. Israel/Palestinian Territories: Hamas and Fatah have "indefinitely postponed" a meeting set for June 21 between Hamas leader Khaled Meshaal and Palestinian President Mahmoud Abbas. Has there been any progress in bridging the differences between the two factions? Is this simply a reflection of irreconcilable positions? From existing guidance: What are Fatah's next steps in trying to maintain legitimacy vis-a-vis Hamas? To what extent are the surrounding political dynamics threatening Hamas' internal unity? We need to keep an eye on the Egyptian regime's handling of the Palestinian situation and its ability to balance popular sympathy and security concerns.

3. Libya: NATO has acknowledged that a number of civilians (Tripoli claims children) were killed in an airstrike against forces loyal to Libyan leader Moammar Gadhafi. [This is an inherent danger of airpower](#); it was never going to be completely avoided. The important thing to watch for is the potential for shifts in how the air campaign is perceived, particularly on the Arab street, [further complicating](#) an already stalled military effort. From existing guidance: Do defections from Gadhafi's camp represent opportunistic moves at the periphery of his power structure, or are these signs that those close to him are beginning to abandon him and position themselves for a post-Gadhafi Libya?

Existing Guidance

1. Yemen: Can the Saudi royals force a power transition when Yemeni President Ali Abdullah Saleh's son and nephews appear willing to fight on behalf of the president? The onus is on Riyadh to manage this crisis -- we need to figure out how exactly it intends to do so. We need to watch for follow-up attacks against Saleh's closest relatives and keep an especially close eye on Gen. Ali Mohsen al-Ahmar as he positions himself to fill a power vacuum in Sanaa.

2. Syria: While there is little indication that opposition in Syria is close to endangering the regime, a major split within the military could be significant. Reports and STRATFOR sources have suggested an increased level of desertion and possible defection, but the true

magnitude of those defections is unclear. Are reports of systemic defections credible? Is the regime losing conscripts, or are more capable soldiers and officers joining the opposition itself?

3. China: What have we learned from Chinese President Hu Jintao's trip to the former Soviet Union? We need to closely watch all of the nuances of these visits and use this as an opportunity to re-examine our assumptions on China's relations with Central Asia and Russia.

China's economic growth rate has shown slight signs of slowing in recent months. Chinese authorities have struggled all year to control inflationary pressures and rapid growth, but now they are starting to confront the potential downside to those efforts. Is China facing a moderate slowdown, or one that could prove to be sharper? How will they adjust policy to deal with simultaneous concerns about inflation and growth? How will China handle rising economic uncertainty along with other problems, from social unrest to territorial disputes with neighbors?

4. Iran: What is the status of the power struggle between Supreme Leader Ayatollah Ali Khamenei and President Mahmoud Ahmadinejad? We need to understand how far Ahmadinejad is willing to push matters. Also, will the dispute affect Iran's moves in the intelligence sphere and in its foreign policy? Even if there is a compromise, we will need to monitor this dynamic, because it has the potential to redefine the balance of power within the Islamic republic.

5. Iraq: Attempts to extend the United States' military presence in Iraq beyond the 2011 deadline for withdrawal have thus far foundered. Can U.S. overtures succeed? Can Baghdad accept a residual U.S. military presence beyond 2011? The decision must be made well ahead of the end-of-the-year deadline, so this coming quarter will be critical for the United States, Iraq and the region. How do Iran's interests come to play in the coming months in terms of consolidating its position in Iraq? How aggressively does it intend to push its advantage?

EURASIA

- June 20: France will hold the 49th International Paris Air Show at Le Bourget. Russia, China and Brazil will be represented, among others.
- June 20: The Kazakh and Russian air forces are expected to conduct a nine-daylong joint training exercise over Kazakh territory. Training includes paratrooper dropping exercises and air-to-ground target strikes.
- June 20: All 27 EU finance ministers will convene in Luxembourg for an ECOFIN meeting to discuss financial and economic policies, particularly regarding Greece.
- June 20: Chinese President Hu Jintao is set to meet Ukrainian President Viktor Yanukovich in Kiev. Hu is also set to meet with Verkhovna Rada Chairman Volodymyr Lytvyn and Prime Minister Nikolai Azarov during his visit to Ukraine. Several agreements are to be signed during the visit, including a joint declaration of a strategic relationship, as well as interstate and commercial agreements.
- June 21: Majority Greek Socialist Party deputies are expected to hold a confidence vote in parliament on Greek Prime Minister George Papandreou's new government.
- June 21: Russian Prime Minister Vladimir Putin will visit France and meet with French President Nicolas Sarkozy in Paris.
- June 21: Kazakh armed forces will begin a nine-daylong Shygyys (East) operational-tactical command and staff exercise. Russian troops are also expected to participate.
- June 21: Russia is set to hold talks in Moscow for the settlement of Moldova's breakaway Transdniestria region with the participation of Moldova, Transdniestria, Russia, Ukraine, the Organization for Security and Co-operation in Europe, the European Union and the United States. The talks will take place in a 5+2 format, with the European Union and the United States taking the role of the +2.
- June 21: Ukrainian President Viktor Yanukovich is set to speak at the Council of Europe Parliamentary Assembly in Strasbourg.
- June 21: The Moscow International Oil and Gas Exhibition is set to begin in Russia.
- June 21: Israeli Defense Minister Ehud Barak will meet with French Foreign Minister Alain Juppe as part of his visit to France that began June 17. The main topic of discussion will be the role of France in the Middle East peace process; the political situations in Syria and Libya will also be addressed.
- June 22: The ambassadors of EU countries to Russia, led by the head of the EU delegation to Russia, Fernando Valenzuela, are set to meet with Russian Foreign Minister Sergei Lavrov in Moscow to review the results of Russian-EU cooperation in the past six months. Topics of discussion will include the implementation of the Partnership for Modernization initiative and the issue of visa-free trips to EU countries by Russian citizens.
- June 22: The agriculture ministers of the G-20 are set to meet in Paris.
- June 23: The trial of Belarusian national Andrey Pachobut, who is accused of insulting Belarusian President Aleksandr Lukashenko while writing for Polish newspaper Gazeta Wyborcza continues after being postponed from its original date of June 17.
- June 23: European government leaders are set to converge in Brussels for a two-day summit. They are scheduled to sign off on financial reforms for the European Union and discuss a long-time financing deal to satisfy an outstanding \$12 billion in bailout loans.

- June 23: Ukrainian Prime Minister Nikolai Azarov will visit Kazakhstan to meet with Kazakh Prime Minister Karim Masimov.
- June 25: The 37th session of the U.N. Food and Agriculture Organization Conference will commence in Rome. The organization will vote on its next president during the session.
- June 22: Japanese Crown Prince Naruhito will visit Germany to celebrate 150 years of diplomatic relations.

MIDDLE EAST/SOUTH ASIA

- Unspecified date: Iranian president Mahmoud Ahmadinejad and parliament speaker Ali Larijani will hold talks for ministry mergers.
- Unspecified date: Iranian Defense Minister Gen. Ahmad Vahidi will lead a defense delegation to Afghanistan at the invitation of his afghan counterpart.
- June 19-20: A Cultural Festival will be held in Tlemcen, Algeria, to mark its being chosen as the 2011 Capital of Islamic Culture. The Saudi Ministry of Culture and Information for International Cultural Relations is set to take part.
- June 20-25: Israel will continue a nationwide civil defense exercise titled "Turning Point 5" to test its ability to intercept missiles fired from Gaza, Lebanon, Syria and Iran.
- June 20: Former Tunisian president Zine El Abidine Ben Ali will be tried in absentia for corruption and use of violence against the Tunisians.
- June 21: The Egyptian Administrative Court will issue a decision on the legality of a 10-kilometer (6.2-mile) steel wall being constructed along Egypt's border with Gaza.
- June 23: A motion in the Kuwaiti parliament to oust Prime Minister Sheikh Nasser Muhammad al-Ahmad al-Sabah, a nephew of the Kuwaiti emir, will come to a vote.
- June 24: The Turkish parliament will open; newly elected Turkish lawmakers will be sworn in and will take office.

ASIA PACIFIC

- Unspecified Date: The Chinese navy will continue to conduct training exercises in international waters in the Western Pacific.
- June 20-29: Supporters of Thailand's People's Alliance for Democracy, also known as the Yellow Shirts, will continue their protest until the International Court of Justice rules on the Thai-Cambodian border dispute.
- June 20-July 1: A multinational peacekeeping training exercise will continue in Prachuap Khiri Khan in Thailand. Australia, Bangladesh, Cambodia, Japan, Malaysia, Mongolia, Nepal, the Philippines, Rwanda, Singapore, Vietnam, Thailand and the United States are participating.
- June 20-24: A delegation led by Indian Maj. Gen. Gurmeet Singh, the commanding officer of Indian Delta Force in Jammu and Kashmir, continues a visit to China to discuss recent bilateral military exchanges.
- June 20: The People's Bank of China will lift the amount of capital banks must keep on reserve by half a percentage point, rather than raise benchmark interest rates, to address inflation fears.
- June 22: Japanese Prime Minister Naoto Kan has planned to reshuffle the Cabinet after the end of the current ordinary Diet session, which will conclude with the compilation of a planned supplementary budget for fiscal 2011.
- June 24: Russell Investments will join a top oil production and oilfield services company in Northern China called China North East Petroleum Holdings Ltd.
- June 24-28: Chinese Premier Wen Jiabao will visit Hungary, the United Kingdom and Germany. Discussions will focus on economic stability within the European Union and Greece in particular.
- June 24-28: Laotian Deputy Prime Minister Somsavat Lengsavad will visit Singapore to meet with Prime Minister Lee Hsien Loong, Senior Minister and Coordinating Minister for National Security S. Jayakumar and others. The purpose of the visit is to discuss bilateral relations.

AMERICAS

- June 20: U.N. General Assembly President Joseph Deiss will visit Brasilia, Brazil.
- June 20: The Bolivian Syndicated Confederation of Drivers has called for a national strike.
- June 20-21: Salvadorian President Mauricio Funes will visit Mexico to meet with Mexican President Felipe Calderon and other government officials.
- June 22-23: The Conference for Central American Security will take place in Guatemala City and will feature the participation of Mexican President Felipe Calderon, Colombian President Juan Manuel Santos, Spanish Foreign Minister Trinidad Jimenez and U.S. Secretary of State Hillary Clinton.
- June 25: The deadline to register for candidacy in Argentine presidential elections will end on this date.

AFRICA

- June 20-26: U.S. first lady Michelle Obama will travel to South Africa and Botswana.
- June 21: South Africa will bring fresh charges against Henry Okah, a leader of Nigerian militant group Movement for the Emancipation of the Niger Delta in relation to the Oct. 1, 2010, bombing in the Nigerian capital of Abuja.
- June 25-26: Sudanese President Omar al Bashir will attend a conference in Tehran titled "A World Free from Terrorism: Global Combat Against Terrorism."

International Air Bases near Libya

March 18, 2011 | 2007 GMT



[View Full-size Graphic](#)

Analysis

The March 17 decision by the U.N. Security Council to authorize the enforcement of the no-fly zone over Libya has put the deployment of U.S., French, Italian and U.K. assets in the Mediterranean into focus. The five air bases most likely to participate heavily in the deployment and enforcement of the no-fly zone are the NATO base in Sigonella, Sicily, the Italian air base Gioia del Colle, the U.K. air base in Akrotiri, Cyprus, the Greek air base and the U.S. naval base in Souda Bay, Crete, and the French air base Ventiseri-Solenzara in Corsica.

Iraq: Libyan Terror Ties

October 8, 2004 | 2102 GMT

Iraqi Defense Minister Hazem Shaalan told Saudi daily al-Hayat on Oct. 8 that the Iraqi government holds documents proving that Libya is financing two insurgents from the Baath regime. Shaalan claims these insurgents are Mohammed Younes, a former member of the Baath party military council, and al-Sabawi Ibrahim who is Saddam Hussein's half-brother.

Iraq: The Upcoming Jihadist Exodus

December 4, 2007 | 2112 GMT

Summary

In a 42-minute audio message, Iraq's top jihadist leader called Dec. 4 for a fresh bombing campaign against Iraqi security forces. The jihadists are getting quite desperate over seeing their sphere of operations shrink in Iraq.

Analysis

The top jihadist leader in Iraq called Dec. 4 for a fresh bombing campaign against Iraqi security forces. In a 42-minute audio message, which surfaced on the Internet, Islamic State of Iraq leader Abu Omar al-Baghdadi said every soldier in his group must explode at least three bombs by the end of January. He further said the attacks should target the "unbelievers who wear uniforms and all those who fight alongside the occupiers." Al-Baghdadi announced the formation of a special unit, the al-Siddique Brigade, which is tasked with attacking Sunni tribal militia aligned with the U.S. military against the jihadists.

The message comes on the heels of significant -- perhaps devastating -- jihadist losses and a serious decline in their operational capability in recent months. Therefore, it suggests the jihadists not only are on the defensive, but also are getting quite desperate over seeing their sphere of operations shrink in Iraq. The Iraqi node of al Qaeda and its local allies, including the Islamic State of Iraq, know their future in Iraq is limited for four reasons: there is a Shiite majority in the country; the sectarian strife the jihadists triggered remains within acceptable levels; Sunnis have turned against them en masse; and a U.S.-Iranian understanding is making progress. Therefore, while stirring the Iraq pot as much as possible, they also must be working on an exit strategy, which entails relocating to other countries.

The available options include Saudi Arabia, Syria, Jordan, and Kuwait -- all of which to one extent or another facilitated the flow of jihadists into Iraq. In the case of the Saudis, Jordanians and Kuwaitis, it was meant to counter the rise of the Shia and Iran after the collapse of the Baathist regime. However, the states always intended this flow to be one-way, and would not want to see a repeat of what happened after the Soviets left Afghanistan and the Islamist militants returned to their home countries to wreak havoc. But the question is whether these states can prevent the jihadists from returning.

Complicating this issue is the desire on the part of the Arab states (with the exception of Syria) to prevent Iran from consolidating its influence in Iraq, especially after the recent [U.S. National Intelligence Estimate](#). That report will likely lead to an understanding between the United States and Iran -- one that would institutionalize Shiite dominance in Iraq, something every Sunni Arab state fears.

While the Arab states do not want militants to operate on their respective soils, they do want to harness them as a tool to counter Iran and the Shia. Similar to the Pakistanis ambivalent take on jihadists, the Arabs -- especially the Saudis -- are unsure how to achieve both goals.

This is a very serious dilemma for the Saudis, who are caught between a rock and a hard place -- not just at the state level. Even within society, the tug of war between those calling for reforms and those trying to limit the reforms is making it more difficult to determine a position on dealing with the jihadists. For now, both Riyadh and Islamabad must determine how to keep the rogue elements separate from those they still can control. There also are some in both states who are calling for a complete end to the flirtation with the jihadists.

The Syrian government also has been making use of jihadists in the Lebanese context, though Damascus will have a hard time cooperating with the United States and Iran on Iraq while continuing to deploy Sunni Islamist militants in Lebanon. In the process, the government is likely to get burned at home.

Jihadists fleeing Iraq also could seek to relocate their operations to Afghanistan/Pakistan, Central Asia or North Africa. Quite a few Libyans and Algerians went to fight in Iraq, for example. The return of these jihadists, however, could pose a threat to ongoing moves by Tripoli and Algiers to open up their respective energy sectors for Western investment. The fear of attacks, instability and economic damage will prompt many Arab/Muslim states to try to block the flow of fleeing fighters from Iraq.

It is too early to say whether these efforts will succeed. However, in the post-9/11 global security environment -- which limits the jihadists' freedom of movement -- these relocations will not rise up to the levels seen from Afghanistan in 1989 or even in 2001.

Jihadist Opportunities in Libya

February 24, 2011 | 0955 GMT

By Scott Stewart

As George Friedman noted in his geopolitical weekly "[Revolution and the Muslim World](#)," one aspect of the recent wave of revolutions we have been carefully monitoring is the involvement of militant Islamists, and their reaction to these events.

Militant Islamists, and specifically the subset of militant Islamists we refer to as [jihadists](#), have long sought to overthrow regimes in the Muslim world. With the sole exception of Afghanistan, they have failed, and even the rise of the Taliban in Afghanistan was really more a matter of establishing a polity amid a power vacuum than the true overthrow of a coherent regime. The brief rule of the Supreme Islamic Courts Council in Somalia also occurred amid a similarly chaotic environment and a vacuum of authority.

However, even though jihadists have not been successful in overthrowing governments, they are still viewed as a threat by regimes in countries like Tunisia, Egypt and Libya. In response to this threat, these regimes have dealt quite harshly with the jihadists, and strong crackdowns combined with other programs have served to keep the jihadists largely in check.

As we watch the situation unfold in Libya, there are concerns that unlike Tunisia and Egypt, the uprising in Libya might result not only in a change of ruler but also in a change of regime and perhaps even a collapse of the state. In Egypt and Tunisia, strong military regimes were able to ensure stability after the departure of a long-reigning president. By contrast, in Libya, longtime leader Moammar Gadhafi has deliberately kept his military and security forces fractured and weak and thereby dependent on him. Consequently, there may not be an institution to step in and replace Gadhafi should he fall. This means energy-rich Libya could spiral into chaos, the [ideal environment for jihadists to flourish](#), as demonstrated by Somalia and Afghanistan.

Because of this, it seems an appropriate time to once again examine the dynamic of jihadism in Libya.

A Long History

Libyans have long participated in militant operations in places like Afghanistan, Bosnia, Chechnya and Iraq. After leaving Afghanistan in the early 1990s, a sizable group of Libyan jihadists returned home and launched a militant campaign aimed at toppling Gadhafi, whom they considered an infidel. The group began calling itself the Libyan Islamic Fighting Group (LIFG) in 1995, and carried out a low-level insurgency that included assassination attempts against Gadhafi and attacks against military and police patrols.

(click here to enlarge image)

Gadhafi responded with an iron fist, essentially imposing martial law in the Islamist militant strongholds of Darnah and Benghazi and the towns of Ras al-Helal and al-Qubbah in the Jabal al-Akhdar region. After a series of military crackdowns, Gadhafi gained the upper hand in dealing with his Islamist militant opponents, and the insurgency tapered off by the end of the 1990s. Many LIFG members fled the country in the face of the government crackdown and a number of them ended up finding refuge with groups like al Qaeda in places such as Afghanistan.

While the continued participation of Libyan men in fighting on far-flung battlefields was not expressly encouraged by the Libyan government, it was tacitly permitted. The Gadhafi regime, like other countries in the region, saw exporting jihadists as a way to rid itself of potential problems. Every jihadist who died overseas was one less the government had to worry about. This policy did not take into account the concept of "[tactical Darwinism](#)," which means that while the United States and its coalition partners will kill many fighters, those who survive are apt to be strong and cunning. The weak and incompetent have been weeded out, leaving a core of hardened, competent militants. These survivors have learned tactics for survival in the face of superior firepower and have learned to manufacture and effectively employ new types of [highly effective improvised explosive devices](#) (IEDs).

In a Nov. 3, 2007, audio message, al Qaeda No. 2 Ayman al-Zawahiri reported that the LIFG had formally joined the al Qaeda network. This statement came as no real surprise, given that members of the group have long been close to al-Zawahiri and Osama bin Laden. Moreover, the core al Qaeda group has long had a large number of Libyan cadre in its senior ranks, including men such as [Abu Yahya al-Libi](#), Anas al-Libi, Abu Faraj al-Libi (who reportedly is being held by U.S. forces at Guantanamo Bay) and Abu Laith al-Libi, who was killed in a January 2008 unmanned aerial vehicle strike in Pakistan.

The scope of Libyan participation in jihadist efforts in Iraq became readily apparent with the September 2007 seizure of a large batch of [personnel files from an al Qaeda safe-house in the Iraqi city of Sinjar](#). The Sinjar files were only a small cross-section of all the fighters traveling to Iraq to fight with the jihadists, but they did provide a very interesting snapshot. Of the 595 personnel files recovered, 112 of them were of Libyans. This number is smaller than the 244 Saudi citizens represented in the cache, but when one considers the overall size of the population of the two countries, the Libyan contingent represented a far larger percentage on a per capita basis. The Sinjar files suggested that a proportionally higher percentage of Libyans was engaged in the fighting in Iraq than their brethren from other countries in the region.

Another interesting difference was noted in the job-description section of the Sinjar files. Of those Libyan men who listed their intended occupation in Iraq, 85 percent of them listed it as suicide bomber and only 13 percent listed fighter. By way of comparison, only 50 percent of the Saudis listed their occupation as suicide bomber. This indicates that the Libyans tended to be more radical than their Saudi counterparts. Moroccans appeared to be the most radical, with more than 91 percent of them apparently desiring to become suicide bombers.

The Libyan government's security apparatus carefully monitored those Libyans who passed through the crucible of fighting on the battlefield in places like Iraq and Afghanistan and then returned to Libya. Tripoli took a [carrot-and-stick approach to the group](#) similar to that implemented by the Saudi regime. As a result, the LIFG and other jihadists were [unable to pose a serious threat to the Gadhafi regime](#), and have remained very quiet in recent years. In fact, they were for the most part demobilized and rehabilitated.

Gadhafi's son Seif al-Islam oversaw the program to rehabilitate LIFG militants, which his personal charity managed. The regime's continued concern over the LIFG was clearly demonstrated early on in the unrest when it announced that it would continue the scheduled release from custody of LIFG fighters.

The Sinjar reports also reflected that more than 60 percent of the Libyan fighters had listed their home city as Darnah and almost 24 percent had come from Benghazi. These two cities are in Libya's east and happen to be places where some of the most intense anti-Gadhafi protests have occurred in recent days. Arms depots have been looted in both cities, and we have seen reports that at least some of those doing the looting appeared to have been organized Islamists.

A U.S. State Department cable drafted in Tripoli in June 2008 made available by WikiLeaks talked about this strain of radicalism in Libya's east. The cable, titled "Die Hard in Derna," was written several months after the release of the report on the Sinjar files. Derna is an alternative transliteration of Darnah, and "Die Hard" was a reference to the Bruce Willis character in the Die Hard movie series, who always proved hard for the villains to kill. The author of the cable, the U.S. Embassy's political and economic officer, noted that many of the Libyan fighters who returned from fighting in transnational jihad battlefields liked to settle in places like Darnah due to the relative weakness of the security apparatus there. The author of the cable also noted his belief that the presence of these older fighters was having an influence on the younger men of the region, who were becoming radicalized, and the result was that Darnah had become "a wellspring of foreign fighters in Iraq." He also noted that some 60 to 70 percent of the young men in the region were unemployed or underemployed.

Finally, the author opined that many of these men were viewing the fight in Iraq as a way to attack the United States, which they saw as supporting the Libyan regime in recent years. This is a concept jihadists refer to as attacking the far enemy and seems to indicate an acceptance of the transnational version of jihadist ideology -- as does the travel of men to Iraq to fight and the apparent willingness of Libyans to serve as suicide bombers.

Trouble on the Horizon?

This deep streak of radicalism in eastern Libya brings us back to the beginning. While it seems unlikely at this point that the jihadists could somehow gain control of Libya, if Gadhafi falls and there is a period of chaos in Libya, these militants may find themselves with far more operating space inside the country than they have experienced in decades. If the regime does not fall and there is civil war between the eastern and western parts of the country, they could likewise find a great deal of operational space amid the chaos. Even if Gadhafi, or an entity that replaces him, is able to restore order, due to the opportunity the jihadists have had to loot military arms depots, they have suddenly found themselves more heavily armed than they have ever been inside their home country. And these heavily armed jihadists could pose a substantial threat of the kind that Libya has avoided in recent years.

Given this window of opportunity, the LIFG could decide to become operational again, especially if the regime they have made their deal with unexpectedly disappears. However, even should the LIFG decide to remain out of the jihad business as an organization, there is a distinct possibility that it could splinter and that the more radical individuals could cluster together to create a new group or groups that

would seek to take advantage of this suddenly more permissive operational environment. Of course, there are also jihadists in Libya unaffiliated with LIFG and not bound by the organization's agreements with the regime.

The looting of the arms depots in Libya is also reminiscent of the looting witnessed in Iraq following the dissolution of the Iraqi army in the face of the U.S. invasion in 2003. That ordnance not only was used in thousands of armed assaults and indirect fire attacks with rockets and mortars, but many of the mortar and artillery rounds were used to fashion powerful IEDs. This concept of making and employing IEDs from military ordnance will not be foreign to the Libyans who have returned from Iraq (or Afghanistan, for that matter).

This bodes ill for foreign interests in Libya, where they have not had the same security concerns in recent years that they have had in Algeria or Yemen. If the Libyans truly buy into the concept of targeting the far enemy that supports the state, it would not be out of the realm of possibility for them to begin to attack multinational oil companies, foreign diplomatic facilities and even foreign companies and hotels.

While Seif al-Islam, who certainly has political motives to hype such a threat, has mentioned this possibility, so have the governments of Egypt and Italy. Should Libya become chaotic and the jihadists become able to establish an operational base amid the chaos, Egypt and Italy will have to be concerned about not only refugee problems but also the potential spillover of jihadists. Certainly, at the very least the weapons looted in Libya could easily be sold or given to jihadists in places like Egypt, Tunisia and Algeria, turning militancy in Libya into a larger regional problem. In a worst-case scenario, if Libya experiences a vacuum of power, it could become the next Iraq or Pakistan, a gathering place for jihadists from around the region and the world. The country did serve as such a base for a wide array of Marxist and rejectionist terrorists and militants in the 1970s and 1980s.

It will be very important to keep a focus on Libya in the coming days and weeks -- not just to see what happens to the regime but also to look for indicators of the jihadists testing their wings.

Jihadists and the Libya Uprising

February 21, 2011 | 2100 GMT

Summary

Moammar Gadhafi's son Seif al-Islam raised the specter of Islamism in a Feb. 20 speech. It is difficult to say at present whether Islamists have been able to establish any strongholds in Libya due to the ongoing unrest. However, if the demonstrations result in anarchy, they would create the kind of chaotic environment in which a jihadist movement thrives. Jihadists could take root in a Libya with no clear government authority, though this prospect represents a possibility rather than an eventuality.



MAHMUD TURKIA/AFP/Getty Images

Analysis

In his Feb. 20 speech, Libyan leader Moammar Gadhafi's more prominent and reform-minded son, Seif al-Islam, blamed Islamists, among other actors, for the unrest that has brought his father's regime to the brink of collapse. Seif al-Islam said efforts were under way to create small Islamic emirates in various parts of the country, such as Al Bayda and Darnah. Since then, Italian Foreign Minister Franco Frattini was quoted as saying, "I'm extremely concerned about the self-proclamation of the so-called Islamic Emirate of Benghazi. Would you imagine having an Islamic Arab emirate at the borders of Europe? This would be a really serious threat."

Amid the chaos that has engulfed Libya, it is difficult to determine whether certain Islamist elements have been able to establish their authority in enclaves in the country's east. Given the conditions, the possibility cannot be ruled out. After all, there are reports that Benghazi is no longer under the control of the Gadhafi regime.

Since the opposition is not a coherent force -- it is more a coalition of actors waging an insurrection inspired by their counterparts in Tunisia, Egypt and elsewhere -- unlikely are the prospects that disparate groups of Islamists have been able to take advantage of the power and security vacuum in some parts of the country, albeit temporarily. But this is very different from the idea that Libya will be divided into small fiefdoms, which Seif al-Islam mentioned in his speech. He is trying to use the Islamist threat to deflate the unrest -- which could grow into an insurgency, given that the opposition is reportedly armed -- and to dissuade regional and international players from supporting the opposition against Tripoli. In the past, the United States received much-needed support from Libya on al Qaeda, and Washington would not want to deal with another jihadist breeding ground.

Historically, the Gadhafi regime has had a zero-tolerance policy for Islamists at home, suppressing a number of Islamist groups, including the Muslim Brotherhood, Hizb al-Tahrir, Salafists and, more recently, armed groups like the Libyan Islamic Fighting Group (LIFG). Given the general suppression of political dissent, even in secular forms, social and political Islamist groups do not appear to be in a position to take advantage of the current uprising, which appears to be a general popular uprising.

In sharp contrast with Tunisia and Egypt, the Libyan state is more vulnerable to collapse. The situations in Tunis and Cairo are such that the military *is* the state, and the fall of sitting presidents has not resulted in regime change. Tripoli, on the other hand, could descend into anarchy because the military does not seem to be in a position to oust the Gadhafis and impose its own order. Regime changes assume that there are coherent alternative forces that can replace the old regime, which is not the case in Libya.

This means energy-rich Libya could spiral into chaos -- the ideal environment for jihadists to flourish. Jihadists have never been able to topple a sitting government in the Muslim world. They have risen in places where state collapse led to anarchy, such as Afghanistan (1992), Iraq (2003) and Somalia (1991). In Libya, two different types of jihadists could try to exploit chaos to their advantage.

First is the [LIFG, with which the Gadhafi regime has been trying to strike a deal](#) in recent years. LIFG prisoners have been released in exchange for the group's disavowing violence and pledging allegiance to the state, with the most recent batch of prisoners being released Feb. 18, an initiative very publicly backed by Seif al-Islam. But now that the state is crumbling, there are no means by which it can ensure the LIFG's compliance with its prior agreement. In fact, the current chaos is an opportunity for the group to revive itself as a force with which to contend.

Furthermore, the LIFG could link up with the North African jihadist node [al Qaeda in the Islamic Maghreb](#), with which it has prior ties. A power vacuum in Libya presents a significant opening to jihadists, who have thus far been non-players in the unrest that has spread across the Arab world. To a large degree, the jihadists have not been involved in the protests because the opposition forces are pursuing goals that run counter to jihadists' objectives, and because jihadists are not geared toward mass uprisings. The Libyan situation creates a potential -- but not inevitable -- opening that al Qaeda and its allies would want to exploit, especially since the overall regional momentum has not been in the jihadists' favor.

Geopolitical Diary

Analysis of the Key
Event of the Day

Libya and the U.N. No-Fly Zone

March 18, 2011 | 0234 GMT

The U.N. Security Council voted on Thursday to authorize "all necessary measures ... to protect civilians and civilian populated areas under threat of attack in the Libyan Arab Jamahiriya, including Benghazi, while excluding a foreign occupation force of any form on any part of Libyan territory." The resolution banned "all flights in the airspace of the Libyan Arab Jamahiriya in order to help protect civilians," essentially setting up a no-fly zone. The resolution -- and specifically the U.S. administration -- are calling for the participation of Arab League members, with diplomatic sources telling AFP hours before the resolution passed that Qatar and the United Arab Emirates might take part. Five Security Council members abstained from the resolution: Russia and China (both permanent members holding veto power) joined by Germany, India and Brazil.

The Security Council resolution clearly invites concerned member states to take the initiative and enforce a no-fly zone over Libya. The most vociferous supporters of the resolution -- France and the United Kingdom from the start and the United States in the last week -- will now try to build a coalition with which to enforce such a zone. Including members of the Arab League appears important to all involved to give the mission greater legitimacy -- and to keep the intervention from appearing like another Western-initiated war in the Muslim world.

As U.S. defense officials have repeatedly stated -- and as Secretary of State Hillary Clinton reiterated on Thursday while in Tunisia -- enforcement of the no-fly zone will require more than just combat air patrol flights and will have to include taking out Libyan air defenses on the ground. With the nearest U.S. aircraft carrier, the USS Enterprise, still in the Red Sea and the French carrier Charles de Gaulle in port in Toulon -- both some two days from Libya -- French forces in southern France and potentially select air assets using Italian NATO bases, as well as six Marine Harriers aboard the Kearsarge (LHD-3), would have to make any initial strikes if actual military action is to happen soon. Italy has reversed course from its ambiguity on whether it would allow its air bases for enforcement of the no-fly zone, making available the U.S. Naval Air Station at Sigonella, Sicily, and the U.S. Air Base at Aviano. The U.N. support for airstrikes has made it difficult for [Italy to keep hedging its policy on Libya](#).

A hastily assembled no-fly zone with a clear limit to its mandate might simply push Gadhafi into a more aggressive posture toward the rebels and sow the seeds for long-term conflict in Libya.

The question now is how quickly the United States, France and the United Kingdom can array their air forces in the region to make a meaningful impact on the ground in Libya. An anonymous French government official told AFP earlier on Thursday that bombing missions could begin within hours of the resolution's passage. Whether this actually will be the case remains unclear, however. [Gadhafi loyalists apparently are closing in on Benghazi](#) and Tripoli has offered the international community a deal under which it would not engage rebels in Benghazi militarily, but instead would move police and counterterrorist forces into the town to disarm the rebels "peacefully." Considering that Gadhafi's forces have crossed the long stretch of desert between Tripoli and Benghazi and are threatening the rebel's de facto capital, it is not clear how quickly any potential array of forces might rapidly assemble to change the situation on the ground from the air alone.

In fact, a hastily assembled no-fly zone with a clear limit to its mandate -- no boots on the ground -- might simply push Gadhafi into a more aggressive posture toward the rebels and sow the seeds for a more aggressive or long-term conflict in Libya. The rebels' defensive lines have crumbled in the face of the loyalist onslaught, so the prospect of taking the already fractured rebels and forming a coherent offensive force from them is questionable at best. Even arming them better (and arms are not their primary problem) might well not change anything. If the no-fly zone and airstrikes fail to push Gadhafi's forces back (and the prospects of that are also questionable), any alliance of air forces will have to begin targeting Gadhafi's armored and infantry units directly, rather than just limiting themselves to striking air assets and air defense installations if there is to be any meaningful impact on the ground. This could rapidly draw the West deeper into the conflict, which could easily spur Gadhafi into a more violent approach against the rebels in Libya's east. The no-fly zone thus might prevent Gadhafi from winning but not unseat him either, potentially drawing the conflict into a longer and deadlier affair. With the coalition, the mission and the degree of commitment by each contributor still so far unclear, there is also the real problem of how far each individual member wants to take this.

Another open question relates to Western unity on the decision. While France and the United Kingdom have been eager for such a step

throughout, Italy and Germany have not.

For Italy, the situation is particularly complex. Rome has built a very strong relationship with Gadhafi over the past eight years. The relationship has been based on two fundamental principles, namely, that Italy would invest in Libyan energy infrastructure and that Tripoli would cooperate with Rome to ensure migrants from North and sub-Saharan Africa do not flood across the Mediterranean toward Italy. When it seemed as if Gadhafi's days were numbered, Rome offered the use of its air bases for any potential no-fly zone. Italy was hedging to protect its considerable [energy assets in Libya](#) in case Gadhafi was overthrown and a new government formed by the Benghazi-based rebels took power. But as Gadhafi's forces scored several successes over the past week, Rome, before the vote at the United Nations, had returned to its initial tacit support for the legitimacy of the Tripoli regime while still condemning human rights violations so as not to be ostracized by its NATO and EU allies. That Italian energy major ENI continues to pump natural gas to -- as the company has alleged -- provide the Libyan people with electricity, highlights this careful hedging. Now that Rome has thrown its support for the U.S.-French intervention, the stakes will be high for Italy. Gadhafi will have to be removed, as his continued presence in the country would put Rome's considerable interests in Libya at risk.

For Germany, the issue is simple. Three [German state elections](#) are coming up in the next 10 days, with another three later in the year. German Chancellor Angela Merkel is facing an electoral fiasco, with a number of issues -- from resignations of high-profile allies to mounting opposition over the government's nuclear policy -- weighing down on her government. With German participation in Afghanistan highly unpopular, it makes sense for Berlin to be cool toward any intervention in Libya. Germany abstained from the resolution, and its ambassador to the United Nations reiterated Berlin's line, refusing to participate in the operations and calling any military operation folly that may go beyond airstrikes. This creates a sense that Europe itself is not entirely on the same page in Libya. Considering that the sinews that hold the [NATO alliance](#) together have begun to fray, it is not clear that a French-American intervention without clear support from Berlin is the best thing for the alliance at the moment.

Furthermore, it is not clear that Tripoli really needs an air force to reach the rebels, nor that Gadhafi's forces are sufficiently exposed, enabling surgical airstrikes to cripple them. Airstrikes are not a tool with which one can resolve urban warfare, and Gadhafi may very well decide to precipitate such warfare now that the West is bearing down on him. This may mean that for the U.S.-French intervention to work, the West would have to become far more involved.

Now that the West has decided to square off with Gadhafi, it may not be able to disengage until he is defeated. A Libya -- or even only Western Libya or even just Gadhafi stewing in his Tripoli fortress -- ruled by a Gadhafi spurned by his former "friends" in Western Europe could be quite an unstable entity only few hundred miles from European shores. Gadhafi already has threatened to turn the Mediterranean into a zone of instability for Western military and civilian assets if foreign forces attack him. He has a history of using asymmetrical warfare -- i.e., supporting terrorism throughout the 1980s -- as a strategic tool. A belligerent Gadhafi looking to strike across the Mediterranean is not something Europe can permit. The decision to enforce the no-fly zone may therefore very quickly devolve into a need to remove Gadhafi from power via more direct means.

Libya Crisis: Implications of the Cease-Fire

March 18, 2011 | 1413 GMT

Summary

Libya's government announced an immediate cease-fire on March 18, a day after the U.N. Security Council approved a no-fly zone over the North African country. The move complicates European efforts to spearhead a campaign against Libyan government troops. Assuming Tripoli follows through on its declaration, the effect on operations against the Libyan rebels remains in question.

Analysis

Libyan Deputy Foreign Minister Khaled Kaim said March 18 that Libya would positively respond to the [U.N. Security Council resolution calling for a no-fly zone over Libya](#). The statement was soon followed by a declaration by Libyan Foreign Minister Moussa Koussa of an immediate unilateral cease-fire and halt to all military operations. Tripoli added that it was ready to open "all dialogue channels with everyone interested in the territorial unity of Libya," that it wanted to protect Libyan civilians, and that it was inviting the international community to send government and nongovernmental organization representatives "to check the facts on the ground by sending fact-finding missions so that they can take the right decision."

The Libyan declaration comes as [members of the NATO military alliance were ramping up for airstrikes authorized by the United Nations against troops loyal to Moammar Gadhafi](#). French diplomatic sources have been quoted as saying airstrikes could start "within hours." Libya's move potentially throws a wrench in plans to establish and enforce a no-fly zone -- and take additional military action -- against the Gadhafi government.

France and the United Kingdom have led the international community in its push to intervene in Libya. Washington had signaled that it would let the European nations lead. Italy, formerly a strong Gadhafi supporter, announced March 18 that it would consider supplying aircraft to the intervention, as did Norway, Denmark and Belgium.

By offering a cease-fire and inviting nongovernmental groups to conduct fact-finding missions, however, Gadhafi is betting that the European nations will lose the political justification for an attack and that political disagreements over military action within European nations can further weaken their [already weak resolve](#). Europeans in general are war-weary from their involvement in NATO's operations in Afghanistan. They only will support an intervention in Libya if Gadhafi clearly is committing gross violations of human rights. It will be difficult for Paris and London to prove that Gadhafi is indeed committing such acts or to ignore the cease-fire announcement or the invitation to verify it. The immediate reply from France was that it would deal with the cease-fire declaration with caution and that the threat on the ground was unchanged. But the backlash at home against an intervention in light of Gadhafi's comments is not something European governments can overlook easily, especially since the most powerful EU member state, Germany, already has buckled under the domestic political strain and expressed skepticism toward a military operation.

Assuming Gadhafi follows through with the cease-fire, how it will affect his operations against the rebels remains in question. Gadhafi may feel the rebels have been suppressed such that he can mop up the remainder through police actions in urban settings. Alternatively, he may feel the rebels are so thoroughly entrenched in their [stronghold of Benghazi](#) that he cannot dislodge them under the threat of Western airstrikes -- and is therefore cutting his losses and preserving the integrity of his forces from potential Franco-British-American air attacks. Ultimately, the cease-fire could be a delaying action while Gadhafi builds a stronger position around Benghazi. This would not be without risks, however, as it will give French and British air assets time to deploy in air bases in the Mediterranean, better positioning them to enforce a no-fly zone.

That said, the Security Council has authorized a no-fly zone, which means that while assaulting Gadhafi's ground forces directly may be stalled by the cease-fire statement, establishing a no-fly zone is not. It is also likely that Europeans will respond to the statement with further demands on Gadhafi, such as that he must resign as leader of the country or that he must withdraw his troops from eastern Libya and possibly even other cities in the west that have seen fierce resistance, like Misurata and Zawiya. Both of these demands would be difficult for Gadhafi to accept. The establishment and enforcement of the no-fly zone may still go ahead, but attacking Gadhafi's forces



MAHMUD TURKIA/AFP/Getty Images

directly will become difficult in the immediate term.

Libya: A Natural Gas Deal and Regional Power

July 8, 2008 | 2213 GMT

Libya has announced a deal involving the development of an oil refinery and gasoline stations in Egypt, as well as a natural gas pipeline running from the Egyptian city of Alexandria to the coastal Libyan city of Tobruk. This energy agreement could boost Libyan investment in Egypt from the current \$2 billion to as much as \$10 billion in the next two years alone.

The deal, which is likely to be heavily financed by Eni, comes as Libya has seen an immense increase in oil revenues and a stabilizing domestic political situation, allowing it to expand its role in North Africa.

Libya is positioning itself to expand its energy resources for export purposes, particularly to Italy and the rest of Europe. It now has more breathing room to do this, as relations with the West have seen significant improvements in recent years.

Since 2003, when Libya came out of the diplomatic cold by renouncing its nuclear program, the North African nation has seen a substantial increase in oil revenues thanks to soaring oil prices. It is now rapidly attracting Western investment for its vastly underdeveloped energy industry. Previously, the government of Moammar Gadhafi made a number of erratic foreign policy maneuvers in a bid to spread Libya's influence around the globe. This included supporting militant groups everywhere from Colombia to the Philippines.

Since then, Libya's geopolitical imperative has become regime preservation, particularly as a power transition approaches between Gadhafi and his son. Bringing in Western investment for the country's energy industry to help fund efforts to maintain political stability at home -- namely in buying off opposition forces such as the [Libyan Islamic Fighting Group](#), a jihadist element with close ties to al Qaeda in the Islamic Maghreb -- has become another top priority.

(click image to enlarge)

Western investment has allowed Libya to boost energy production significantly, with the North African country more than doubling its annual natural gas output from 2005 to 2006 to 28 billion cubic meters (bcm), with 13 bcm of that total going to Italy and Spain. Currently, about 8 bcm per year of natural gas is exported from Libya's Mediterranean coast facility in Mellitah via the Greenstream underwater pipeline to southeastern Sicily, from where it is routed to mainland Italy and then points farther north in Europe. The addition of Egyptian natural gas could boost the throughput to as much as 11 bcm per year.

The Egyptian deal thus makes a good deal of geopolitical sense. By building energy infrastructure to refine Libyan crude for the Egyptian market and hooking Egypt into a natural gas pipeline network to Europe, Libya can expand its political and economic leverage over its formidable eastern neighbor. With energy prices soaring, Libya thus is taking up the opportunity to beef up its energy industry and assert itself geopolitically so that it can become a force to be reckoned with both domestically and in its wider region.

Libya: A Premature Victory Celebration

August 30, 2011 | 0854 GMT

By George Friedman

The war in Libya is over. More precisely, governments and media have decided that the war is over, despite the fact that fighting continues. The unfulfilled expectation of this war has consistently been that Moammar Gadhafi would capitulate when faced with the [forces arrayed against him](#), and that his own forces would abandon him as soon as they saw that the war was lost. What was being celebrated last week, with presidents, prime ministers and the media proclaiming the defeat of Gadhafi, will likely be true in due course. The fact that it is not yet true does not detract from the self-congratulations.



For example, Italian Foreign Minister Franco Frattini reported that only 5 percent of Libya is still under Gadhafi's control. That seems like a trivial amount, save for this news from Italian newspaper La Stampa, which reported that "Tripoli is being cleaned up" neighborhood by neighborhood, street by street and home by home. Meanwhile, bombs from above are pounding Sirte, where, according to the French, Gadhafi has managed to arrive, although it is not known how. The strategically important town of Bali Walid -- another possible hiding place and one of only two remaining exit routes to another Gadhafi stronghold in Sabha -- is being encircled.

To put it differently, Gadhafi's forces still retain military control of substantial areas. There is house-to-house fighting going on in Tripoli. There are multiple strongholds with sufficient defensive strength that forces cannot enter them without significant military preparation. Although Gadhafi's actual location is unknown, his capture is the object of substantial military preparations, including NATO airstrikes, around Bali Walid, Sirte and Sabha. When [Saddam Hussein was captured](#), he was hiding in a hole in the ground, alone and without an army. Gadhafi is still fighting and posing challenges. The war is not over.

It could be argued that while Gadhafi retains a coherent military force and significant territory, he no longer governs Libya. That is certainly true and significant, but it will become more significant when his enemies do take control of the levers of power. It is unreasonable to expect that they should be in a position to do so a few days after entering Tripoli and while fighting continues. But it does raise a critical question: [whether the rebels have sufficient coherence to form an effective government](#) or whether new rounds of fighting among Libyans can be expected even after Gadhafi's forces cease functioning. To put it simply, Gadhafi appears to be on his way to defeat but he is not there yet, and the ability of his enemies to govern Libya is doubtful.

Immaculate Intervention

Given that the dying is far from over, it is interesting to consider why Barack Obama, Nicolas Sarkozy and David Cameron, the major players in this war, all declared last week that Gadhafi had fallen, implying an end to war, and why the media proclaimed the war's end. To understand this, it is important to understand how surprising the course of the war was to these leaders. From the beginning, there was an expectation that [NATO intervention, first with a no-fly zone, then with direct airstrikes on Gadhafi's position](#), would lead to a rapid collapse of his government and its replacement with a democratic coalition in the east.

Two forces combined to lead to this conclusion. The first consisted of human-rights groups outside governments and factions in foreign ministries and the State Department who felt an intervention was necessary to stop the pending slaughter in Benghazi. This faction had a serious problem. The most effective way to quickly end a brutal regime was military intervention. However, having condemned the American invasion of Iraq, which was designed, at least in part, to get rid of a brutal regime, this faction found it difficult to justify rapid military intervention on the ground in Libya. Moral arguments require a degree of consistency.

In Europe, the doctrine of "soft power" has become a central doctrine. In the case of Libya, finding a path to soft power was difficult. Sanctions and lectures would probably not stop Gadhafi, but military action ran counter to soft power. What emerged was a doctrine of soft military power. Instituting a no-fly zone was a way to engage in military action without actually hurting anyone, except those Libyan pilots who took off. It satisfied the need to distinguish Libya from Iraq by not invading and occupying Libya but still putting crushing pressure on Gadhafi.

Of course, a no-fly zone proved ineffective and irrelevant, and the [French began bombing Gadhafi's forces the same day](#). Libyans on the ground were dying, but not British, French or American soldiers. While the no-fly zone was officially announced, this segue to an air campaign sort of emerged over time without a clear decision point. For human-rights activists, this kept them from addressing the concern that airstrikes always cause unintended deaths because they are never as accurate as one might like. For the governments, it allowed them to be seen as embarking upon what I have called an "[immaculate intervention](#)."

The second force that liked this strategy was the various air forces involved. There is no question of the importance of air power in modern war, but there is a constant argument over whether the application of air power by itself can achieve desired political ends without the commitment of ground forces. For the air community, Libya was going to be the place where it could demonstrate its effectiveness in achieving such ends.

So the human-rights advocates could focus on the ends -- protecting Libyan civilians in Benghazi -- and pretend that they had not just advocated the commencement of a war that would itself leave many people dead. Political leaders could feel that they were not getting into a quagmire but simply undertaking a clean intervention. The air forces could demonstrate their utility in delivering desired political outcomes.

Why and How

The question of the underlying reason for the war should be addressed because stories are circulating that oil companies are competing for vast sums of money in Libya. These stories are all reasonable, in the sense that the real story remains difficult to fathom, and I sympathize with those who are trying to find a deep conspiracy to explain all of this. I would like to find one, too. The problem is that going to war for oil in Libya was unnecessary. Gadhafi loved selling oil, and if the governments involved told him quietly that they were going to blow him up if he didn't make different arrangements on who got the oil revenues and what royalties he got to keep, Gadhafi would have made those arrangements. He was as cynical as they come, and he understood the subtle idea that shifting oil partners and giving up a lot of revenue was better than being blown up.

Indeed, there is no theory out there that explains this war by way of oil, simply because it was not necessary to actually to go war to get whatever concessions were wanted. So the story -- [protecting people in Benghazi from slaughter](#) -- is the only rational explanation for what followed, however hard it is to believe.

It must also be understood that given the nature of modern air warfare, NATO forces in small numbers had to be inserted on the ground from the beginning -- actually, at least a few days before the beginning of the air campaign. Accurately identifying targets and taking them out with sufficient precision involves highly skilled special-operations teams guiding munitions to those targets. The fact that there have been relatively few friendly-fire accidents indicates that standard operational procedures have been in place.

These teams were probably joined by other special operators who trained -- and in most cases informally led -- indigenous forces in battle. There were ample reports in the early days of the war that special operations teams were on the ground conducting weapons training and organizing the fighters who opposed Gadhafi.

But there proved to be two problems with this approach. First, Gadhafi did not fold his tent and capitulate. He seemed singularly unimpressed by the force he was facing. Second, [his troops turned out to be highly motivated and capable](#), at least compared to their opponents. Proof of this can be found in the fact that they did not surrender en masse, they did maintain a sufficient degree of unit coherence and -- the final proof -- they held out for six months and are still holding out. The view of human-rights groups that an isolated tyrant would break in the face of the international community, the view of political leaders that an isolated tyrant facing the might of NATO's air forces would collapse in days and the view of the air forces that air strikes would shatter resistance, all turned out to be false.

A War Prolonged

Part of this was due to a misunderstanding of the nature of Libyan politics. Gadhafi was a tyrant, but he was not completely isolated. He had enemies but he also had many supporters who benefitted from him or at least believed in his doctrines. There was also a general belief among ordinary government soldiers (some of whom are mercenaries from the south) that capitulation would lead to their slaughter, and the belief among government leaders that surrender meant trials in The Hague and terms in prison. The belief of the human-rights community in an [International Criminal Court \(ICC\) trying Gadhafi and the men around him](#) gives them no room for retreat, and men without room for retreat fight hard and to the end. There was no way to negotiate capitulation unless the U.N. Security Council itself publicly approved the deal. The winks and nods that got dictators to leave in the old days aren't enough anymore. All countries that are party to the Rome Statute are required to turn a leader like Gadhafi over to the ICC for trial.

Therefore, unless the U.N. Security Council publicly strikes a deal with Gadhafi, which would be opposed by the human-rights community and would become ugly, Gadhafi will not give up -- and neither will his troops. There were reports last week that some government soldiers had been executed. True or not, fair or not, that would not be a great motivator for surrender.

The war began with the public mission of protecting the people of Benghazi. This quickly morphed into a war to unseat Gadhafi. The problem was that between the ideological and the military aims, the forces dedicated to the war were insufficient to execute the mission. We do not know how many people were killed in the fighting in the past six months, but pursuing the war using soft military power in this way certainly prolonged the war and likely caused many deaths, both military and civilian.

After six months, NATO got tired, and we wound up with the assault on Tripoli. The assault appears to have consisted of three parts. The first was the insertion of NATO special operations troops (in the low hundreds, not thousands) who, guided by intelligence operatives in Tripoli, attacked and destabilized the government forces in the city. The second part was an information operation in which NATO made it appear that the battle was over. The bizarre incident in which [Gadhafi's son, Seif al-Islam, announced as being captured](#) only to show up in an SUV looking very un-captured, was part of this game. NATO wanted it to appear that the leadership had been reduced and Gadhafi's forces broken to convince those same forces to capitulate. Seif al-Islam's appearance was designed to signal his troops that the war was still on.

Following the special operations strikes and the information operations, western rebels entered the city to great fanfare, including celebratory gunfire into the air. The world's media chronicled the end of the war as the special operations teams melted away and the victorious rebels took the bows. It had taken six months, but it was over.

And then it became obvious that it wasn't over. Five percent of Libya -- an interesting calculation -- was not liberated. Street fighting in Tripoli continued. Areas of the country were still under Gadhafi's control. And Gadhafi himself was not where his enemies wanted him to be. The war went on.

A number of lessons emerge from all this. First, it is important to remember that Libya in itself may not be important to the world, but it matters to Libyans a great deal. Second, do not assume that tyrants lack support. Gadhafi didn't govern Libya for 42 years without support. Third, do not assume that the amount of force you are prepared to provide is the amount of force needed. Fourth, eliminating the option of a negotiated end to the war by the means of international courts may be morally satisfying, but it causes wars to go on and casualties to mount. It is important to decide what is more important -- to alleviate the suffering of people or to punish the guilty. Sometimes it is one or the other. Fifth, and most important, do not kid the world about wars being over. After George W. Bush flew onto an aircraft carrier that was emblazoned with a "mission accomplished" banner, the Iraq war became even more violent, and the damage to him was massive. Information operations may be useful in persuading opposing troops to surrender, but political credibility bleeds away when the war is declared over and the fighting goes on.

Gadhafi will likely fall in the end. NATO is more powerful than he is, and enough force will be brought to bear to bring him down. The question, of course, is whether there was another way to accomplish that with less cost and more yield. Leaving aside the war-for-oil theory, if the goal was to protect Benghazi and bring down Gadhafi, greater force or a negotiated exit with guarantees against trials in The Hague would likely have worked faster with less loss of life than the application of soft military power.

As [the world contemplates the situation in Syria](#), this should be borne in mind.

Libya: Blair, Gadhafi Meet

March 25, 2004 | 1555 GMT

British Prime Minister Tony Blair on March 25 met with Libyan leader Col. Moammar Gadhafi in Tripoli. Blair said the changes within Libya and those brought about by the Sept. 11 attacks make it necessary to enhance security by all possible means. Blair added that Gaddafi acknowledged "a common cause" in the fight against al Qaeda, extremism and terrorism. The visit comes in the wake of Libya's renunciation of its weapons of mass destruction program, which included an advanced nuclear component.

Libya: Eyeing a Transition of Power

November 17, 2008 | 2106 GMT

Summary

The European Union opened negotiations Nov. 13 with Libya on their first-ever partnership agreement, just days after Libyan leader Moammar Gadhafi visited Russia. Both the Kremlin and the West are seeking to engage Tripoli at a time when the Gadhafi regime is beginning to face problems at home.

Analysis

U.S. President George W. Bush on Nov. 17 called Libyan leader Moammar Gadhafi to voice satisfaction over a U.S.-Libyan deal to compensate victims of terrorism. Additionally, U.S. Secretary of State Condoleezza Rice plans to meet Gadhafi's son, Seif al-Islam, later in the week. Meanwhile, the European Union launched talks Nov. 13 to establish closer political and economic relations with Libya, as part of a Western drive to boost relations with energy suppliers.

These Western moves come on the heels of similar initiatives by Russia to align closely with Tripoli. Libya, meanwhile, is trying to position itself between the two sides, with [Gadhafi making a trip to Russia](#) at the beginning of the month.

Five years after [Libya shed its global pariah status](#) and was welcomed back into the fold of the international community, the country is beginning to enjoy the attention and revenues that come from [being an energy exporter](#). A resurgent Russia makes this a double treat for Tripoli, which used to be a key ally of the Soviet Union in North Africa during the Cold War, because Libya stands to increase its gains by playing Russia and the West off each other.

Years of isolation, however, have done considerable damage to the Libyan state. As Russia and the West vie to win Tripoli's heart, internal instability threatens to derail the plans of all involved. The state founded by Gadhafi in 1969 is not about to wither away any time soon, but problems have begun to surface and are eroding the country's image as a stable polity. Increased contact with the outside world will only further complicate the cracks in the system.

Gadhafi is 66 years old and, like other Middle Eastern autocrats who have ruled their countries for decades, will eventually hand over the mantle of leadership to a successor. Seif al-Islam is positioning himself to take over once his father is no more (or simply can rule no more). While the son has been advocating reform and change to ensure the continuity of the republic his father built, it is very difficult to undo 40 years of command-style political economy.

What has kept Libya going are its oil wealth and its small (and therefore easily controlled) population, which is now considered to be 6 million. But under the pressure of international isolation and the inefficiency of a peculiar brand of socialism, the various systems of the country -- education, health, transportation and so on -- are collapsing, and the country's infrastructure is in desperate need of restoration. There is an implicit acknowledgement on the part of Gadhafi that the rules of his Green Book have failed.

In a Sept. 1 speech to Libya's legislature, the Popular Congress, on the occasion of the 39th anniversary of the revolution that brought him to power, Gadhafi announced a plan to abolish all ministries with the exception of Foreign Affairs, Defense, Security and Justice. "You always accuse the popular committees (ministries) of corruption and poor management. These complaints will never end. So everyone should have their share (of oil revenues) in their pockets," Gadhafi said. He warned, however, of "chaos" during the initial two years of the plan until society learns to take care of its own affairs rather than relying on corrupt administrations. Later, after a meeting with Prime Minister Baghdadi Mahmudi, Gadhafi said that the state body that manages oil revenue funds on behalf of the citizenry will release the cash to the masses. Gadhafi described the move as "sensitive" and "complex" and said it would require careful planning.

Amid the brewing uncertainty, one thing that works in the Libyan regime's favor is that there is no organized opposition group that poses any challenge to it. Most secular Libyan opposition groups are based in the West and have very limited influence inside the country. Libya also is the one country in the Maghreb where [jihadists have not been able to operate](#) -- even though Libyans can be found among the rank and file of the Iraqi node of al Qaeda and even in the top leadership circles of al Qaeda prime. Seif al-Islam has recently established relations with the more mainstream Islamist movement The Muslim Brotherhood, however, and has also reached out to the [Libyan Islamic Fighting Group](#), a militant Islamist group suspected of having ties to al Qaeda.

Libya has had its share of struggles with secular and Islamist opposition movements, but favorable economic and demographic conditions coupled with a robust security and intelligence apparatus have allowed Tripoli to contain unrest. That no longer appears to be the case, however. In the past week, there have been rare incidents of unrest in the country's southeastern al-Kufrah region along the border with Egypt, Sudan and Chad, where members of the Tabu ethnic group rioted and attacked police stations. Sources tell STRATFOR that the Tabu might have support from Chad, whose government recently defeated an insurgency of its own that was backed by Libya.

Given that this strife is taking place in a remote part of the country where the writ of the state is not as strong as it is in the population centers along the Mediterranean coast, the agitation does not constitute a major threat to the stability of the regime. The situation remains contained in the immediate term, but anger against the regime is not limited to a single region or a single communal group. The pending transition in power and the changes being pursued by the government have the potential to trigger unrest in the more densely populated northern areas. Up to 25 percent of university graduates reportedly are unemployed -- a potent ingredient for possible agitation against the regime.

The largest threat to Libya's regime comes from within. There are tensions between the old guard and Seif al-Islam, with Gadhafi trying to maintain a balance. [Seif al-Islam's recent move to retire from political life](#) was designed to enhance his popular standing and to pressure the old guard, which sees its interests threatened by moves toward reform. The old guard -- the security establishment, the revolutionary committees, the tribes, and the economic elite -- will be the source of problems as the state approaches transition time.

But these concerns have not stopped Russia, the United States and Europe from pushing ahead with their various agendas involving Libya -- nor have they stopped Tripoli from basking in the newfound international attention. But all of those agendas could face a rocky road ahead if Libya cannot keep its house in order internally.

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Libya: From Scoundrel to Sidekick in Militant Search?

March 17, 2004 | 2025 GMT

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Summary

With the anti-terrorism battle refocusing on Europe and South Asia, al Qaeda and other organizations will seek sanctuary in less-scrutinized parts of the world. North and West Africa seem to be likely spots for militants to turn up, and the United States will seek to bolster ties with governments in those areas in an effort to exploit internal intelligence capabilities and root out **militant** cells. The four primary allies on a new North African front are likely to be Morocco, Algeria, Tunisia and — notably — **Libya**.

Analysis

As the war against terrorism focuses on Europe and the tribal hinterlands of Afghanistan and Pakistan, Islamist **militant** organizations are likely to seek sanctuary elsewhere. Their choices are likely to focus on relatively lawless areas with substantial Muslim populations, areas like the Balkans — and North and West Africa, which are beginning to come under greater scrutiny due to reported connections with the March 11 bombings in Madrid.

As U.S. military and intelligence assets have been spread increasingly thin, the United States has sought regional allies willing to carry out counterterrorism operations with minimal U.S. support. This strategy has been used in Western Europe and in East Asia, where the United States has essentially appointed Australia as its regional deputy. The United States will seek to extend this strategy to areas that are ripe for exploitation by **militant** organizations.

Morocco, Tunisia, Algeria, **Libya**, Chad, Mauritania, Mali and Niger have been largely overlooked by U.S. military and intelligence agencies, which have been preoccupied with operations in Iraq and Afghanistan and an ongoing commitment on the Korean peninsula. Additionally, Western European countries do not yet possess the

central command authority, unified foreign policy and [military power](#) necessary to carry out significant counterterrorism operations in North and West Africa.

North and West Africa's existing resistance movements, porous borders, questionable control by some central governments and majority Muslim populations create fertile sanctuaries for [Islamist extremists](#). To deal with such a hospitable **militant** environment, the United States will seek the cooperation of regional powers to contain and root out [militants](#) in their midst. The United States will seek to involve itself with the more stable players in the region — Morocco, Algeria, Tunisia and the biggest fish: **Libya**.

Morocco and Tunisia present similar demographics and political challenges for the United States. Both nations possess amenable governments and Islamic populations that are little inclined to militancy. The governments in Rabat and Tunis are secular and have historically cooperated openly with the United States. Tunisia has played key roles in monitoring extremist operations in Sudan and in helping to facilitate Libya's change of heart on weapons of mass destruction. The United States will have to interact subtly with these two states — hoping not to enrage the populace — and limit its action to low-level clandestine operations such as intelligence-sharing and training intelligence and counterterrorism operatives.

Algeria presents much more fertile ground for the United States. Algiers has years of experience [combating Islamic extremism](#) and has engaged in a civil war against Islamist extremists. The Algerian government is relatively stable, has control of its population, has been a [reliable and eager partner of the United States](#) and would likely give the United States a much freer hand to carry out counterterrorism operations within its borders and regionally. The Algerian government continues to struggle with the internal threat of Islamic militancy and has already assisted in the U.S. war on terrorism. It will be more than amenable to increasing military cooperation and its support of U.S.-led operations in the region.

Libya would be the jewel in the North African crown for the United States. Since announcing its [national change of heart](#) on weapons of mass destruction, **Libya** has been touted by the United States and the United Kingdom as a paramount example of the success of the war on terrorism. The United States will seek to exploit Libya's transformation from **scoundrel** to **sidekick**.

Libya — due to its previous overt and covert associations with extremist groups regionally and abroad — possesses vast intelligence that could provide the United States with a deadly weapon as it seeks to expand into a new battlefield. Also, Libya's secular nature and its desire to reconcile with the West give the United States a government willing to prosecute the war against militants on its own with minimal U.S. involvement. **Libya** is also in the position of having been the anti-Islamist sponsor of secular terrorist organizations that might have been affiliated indirectly with Islamist militants.

Additionally, Libya's [continental influence](#) will be assessed as the United States seeks to acquire senior partners in the African endgame. Libyan leader Moammar Gadhafi has long seen himself as the primary voice of Africa and carries substantial sway in the fledgling African Union. If the United States can secure a public counterterrorism alliance with Tripoli, it will resonate throughout the continent — likely paving the way for operations and alliances throughout Africa.

Libya has evolved into a mid-level power player beyond Africa. Gadhafi's influence spreads from [South America](#) to [Southeast Asia](#), implying that securing **Libya** as an ally not only opens up North Africa to U.S. intervention but also grants the United States a relatively capable global ally as well.

Extremist organizations such as al Qaeda will exploit the lawless Wild West atmosphere that is prevalent in much of Africa to create regional sanctuaries. Neither the United States nor its allies currently possess the operational bandwidth to deal with this stewing threat directly. However, pro-U.S. North African governments are in a position to align closely with the United States and earn a seat at the war-on-terrorism table.

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Libya: Gadhafi's Interest in the Darfur Conflict

May 19, 2005 | 0218 GMT

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Summary

Sudanese Foreign Minister Mustafa Osman Ismail, speaking to reporters after the summit held in Tripoli to discuss the situation in **Darfur**, said the next round of meetings on the **Darfur** crisis would be the last. The statement comes after two days of hastily changed negotiations headed by Libyan leader Moammar Gadhafi. Although not immediately visible, Gadhafi likely has his hand in both sides of this process as part of his effort to improve his international image.

Analysis

Mustafa Osman Ismail, Sudan's foreign minister, told reporters May 17 he believed the next round of negotiations regarding the crisis in Sudan's western region of **Darfur** will be the last. This statement followed two days of discussions in Tripoli — headed by Libyan leader Moammar Gadhafi, with leaders from Chad, Egypt, Eritrea, **Libya**, Nigeria and Sudan — where the parties agreed that the solution for the crisis should come from a framework created by the African Union. The two main rebel groups in the **Darfur conflict** — the Sudan Liberation Movement (SLM) and the Justice and Equality Movement (JEM) — did not attend the talks.

The **Darfur** meetings, originally scheduled for May 16-17 in the Egyptian resort town of Sharm El Sheik, were moved at the last minute to Tripoli. Some have speculated that Cairo already has its hands full with [domestic trouble](#) over constitutional changes to the electoral system, along with a surge in the number of problems with militants, protesters and activists allied with the Muslim Brotherhood and other parties in the umbrella Kifayah (Enough) movement. Gadhafi, seeking to put his international isolation behind him, would gladly offer Egyptian President Hosni Mubarak a means to deflect international attention away from the Egyptian situation by absorbing that attention himself and hosting the talks in Tripoli.

The **Darfur** talks, though scheduled much earlier, took place against the backdrop of a May 11 meeting between SLM and JEM rebels and Gadhafi. At that meeting, the rebel groups jointly announced that they

remained committed to the cease-fire agreement and were prepared to return to negotiations with Khartoum. Previously, the rebels had declared they would not restart the talks unless Khartoum discontinued attacks by government forces and the associated Janjaweed militia, and released imprisoned members of the rebel groups — conditions the SLM and JEM said Khartoum has not fully met.

It might not be obvious, but Libya's geopolitical interests, **Gadhafi's** personal historical involvement with rebel movements and **Gadhafi's** desire to build his image regionally and internationally all suggest **Gadhafi's** deep involvement in the renewed efforts to resolve the **Darfur conflict**. However, his involvement serves his own interests, and any peace deal he brokers could very well be for appearances only.

Gadhafi's involvement in brokering a resolution to the **Darfur conflict** is not a stretch beyond his historical interests. He has long attempted to advance himself as the champion of Pan-African and Afro-Asian causes — largely because his international isolation and the distrust he has inspired in most Arab governments limit his influence in his immediate area. He has tried to mediate conflicts in the past, but his isolation has prevented most international actors from taking him seriously. His new emergence as a friend of the West increases his chances of success with the tactics he has long attempted to use.

Geographically, the **conflict** in **Darfur** could lead to some instabilities in **Libya**, making a resolution — or at the very least, a decrease in hostilities — a high priority on **Gadhafi's** list of goals in his near abroad. The **Darfur** crisis has displaced several hundred thousand individuals from their homes into refugee camps. However, as the **conflict** has evolved over the past two years and **Libya** has allowed humanitarian organizations to stage their relief efforts from southern **Libya**, the possibility has increased that instability — not to mention weapons and angry rebels — could spill into southeastern **Libya**. Gadhafi, recently emerged as a reformed pariah and already facing some [problems with Islamists](#), does not need unhappy rebels congregating on his southern border, nor the insurrection — and subsequent crackdown — they could engender.

If **Gadhafi's** hand is guiding the **Darfur** rebels' actions — in the peace process or otherwise — it certainly would not be the first time Gadhafi has played both sides of a **conflict** in an attempt to boost Libya's status and his own image. Gadhafi has actively supported several nationalist groups around the world, including Palestinian Islamic Jihad, the Popular Front for the Liberation of Palestine, the Abu Nidal Organization and the Moro National Liberation Front (MNLF) in the Philippines. Most recently, he offered to mediate in the **conflict** between the Indonesian government and the Free Aceh Movement rebels.

Gadhafi helped found and enable Muslim independence movements in the Philippines beginning in the 1970s — providing political support, arms and other supplies — primarily as a means to boost his position in the Islamic world. He arranged the 1976 Tripoli Agreement, under the auspices of the Organization of Islamic Conference, pushing for the Philippine government to negotiate with the Muslim rebels and use financial incentives to help resolve the **conflict**. The agreement failed, and a 1996 accord set out an implementation strategy for the 1976 Tripoli Agreement. In April 2000, the rebel group Abu Sayyaf kidnapped 10 foreign tourists from a Malaysian diving resort. The governments whose nationals were involved — Finland, France, Germany and South Africa — asked **Libya** for help because of **Gadhafi's** continued contact with the rebels. Gadhafi agreed to help after securing a promise from the countries involved to assist in ending Libya's international isolation. In the end, Gadhafi paid the rebels' \$20 million ransom demand and the hostages went free.

Gadhafi stands to gain much by convincing Khartoum and the rebels to resolve the **Darfur conflict** peacefully. As **STRATFOR** has said, Gadhafi desperately wants the United States to [remove Libya](#) from its list of state sponsors of terrorism so **Libya** can gain more regional and international legitimacy. Allegations that Tripoli was

involved in a plot to assassinate Saudi Crown Prince Abdullah bin Abdel-Aziz called into question the sincerity of Tripoli's renouncement of terrorism and weapons of mass destruction and put a dent in **Gadhafi's** plans to get **Libya** off the state sponsors of terrorism list. **Gadhafi's** efforts to return the rebel groups to the negotiating table may also be part of Tripoli's effort to salvage its image after those allegations. Solving the **Darfur conflict** — which most countries and international organizations see as a form of terrorism, and in some cases genocide — would create the international perception that Gadhafi, instead of enticing the rebels to fight, enticed them to stop fighting. This could bolster **Gadhafi's** chances of getting removed from the U.S. list.

Bringing a resolution to the **Darfur conflict** would also allow the world, and particularly North African countries, to perceive Gadhafi as a regional power broker who can exert significant influence over governments and peoples within his area — another of **Gadhafi's** short-term goals.

If Gadhafi is indeed supporting the **Darfur** rebels in exchange for their cooperation in a peace agreement, it should be noted that the peace Gadhafi negotiated between Manila and the MNLF never materialized — although the MNLF no doubt appreciated the support.

The **Darfur** rebel groups' character places Gadhafi in a good position to change the landscape of the **conflict**. The groups have shown a propensity to change their demands and objectives regularly, and neither the JEM nor the SLM — who fight with each other often — has the resources to pose a considerable threat to Khartoum. **Gadhafi's** deep pockets and resources would make steering both groups fairly easy, at least in the short term.



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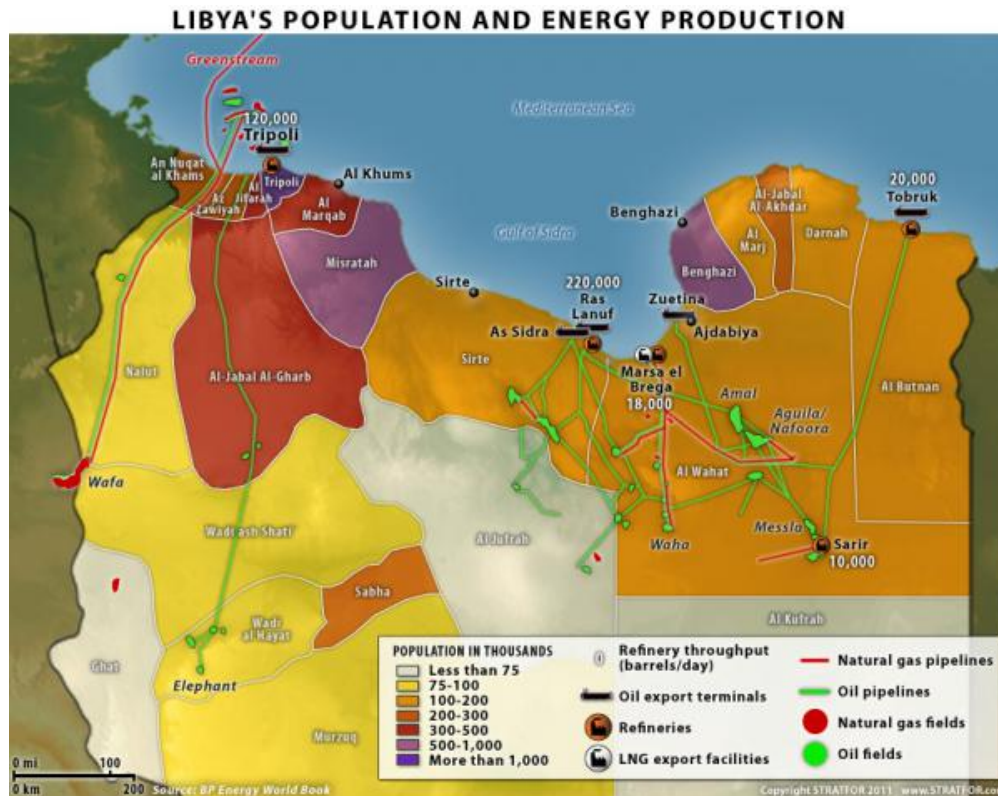


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Libya: Oil Companies Announce Break With Gadhafi

February 24, 2011 | 1742 GMT



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Analysis

Reports emerged Feb. 23 that two oil companies operating in Libya's strategic Gulf of Sidra have renounced their support of Libyan leader Moammar Gadhafi and pledged to support "the people." Arabian Gulf Oil Company, based in Benghazi, and Sirte Oil Company, based in Marsa el Brega -- both subsidiaries of the Libyan state-owned National Oil Corporation -- control refineries and oil fields in the strategic Gulf of Sidra region in central Libya. This region is the hub for 77 percent of Libya's energy export revenue and is currently stuck in a tug-of-war between anti-Gadhafi protesters who have taken control of major cities in eastern Libya and Gadhafi loyalists who are maintaining control in the west of the country. The oil companies' announcements of their breaks with Gadhafi add economic leaders to the list of military and diplomatic leaders who have already defected from Gadhafi's regime.

Libya: Petrodollars and Peace With the Jihadists

July 7, 2008 | 1936 GMT

Summary

The leaders of Libya's main Islamist opposition group, the Libyan Islamic Fighting Group, are nearing a deal to give up their armed struggle against the government of Moammar Gadhafi, according to a July 7 report from a leading Saudi newspaper. Libya's success in managing its jihadist threat has much to do with the price of oil. With ample cash to spend on buying the support of its domestic opponents, the Gadhafi government appears to be on stable footing to attract much-needed foreign investment for its energy sector.

Analysis

Leaders of the Libyan Islamic Fighting Group (LIFG) are close to reaching an agreement on abandoning their armed resistance against Moammar Gadhafi's government, Saudi-owned Asharq Al-Awsat newspaper reported July 7. The reports indicate that Libya is putting its oil money to good use.

Numan Bin Uthman, the LIFG's former leader, held an interview with the Saudi newspaper in which he revealed that negotiations between the group's leaders and the Gadhafi government in the BuSalim Prison in Tripoli (where most of the group's members are detained) are yielding substantial results.

The LIFG sprouted in Libya in the early 1990s after a large number of Libyan jihadists returned home from Afghanistan, where they had teamed up with Afghan mujahideen to fight the Soviet Union. The group quickly became a thorn in Gadhafi's side by starting a low-level insurgency that included attacks against security forces and even assassination attempts against Gadhafi himself. A massive crackdown swiftly followed, forcing most LIFG leaders to go underground and pursue a new arena in which to wage violent jihad, which they found in Afghanistan and Iraq. LIFG eventually folded itself formally into the al Qaeda network in late 2006, when it joined Islamist militant groups from Morocco, Algeria and Tunisia to declare the formation of [al Qaeda in the Islamic Maghreb](#), informally known as al Qaeda's North African node.

While other North African nations -- particularly Algeria, Egypt and Morocco -- are dealing with an ongoing struggle to stamp out Islamist militancy, Libya largely has contained the jihadist threat that exists within its borders, mainly through the use of force. But with al Qaeda taking a beating in Iraq, Libya is preparing for the [inevitable jihadist exodus](#), especially as Libyans increasingly are being found among al Qaeda's senior ranks.

Libya has recognized that it needs more than force to deal with this impending problem. Saif al-Islam, the aging Gadhafi's son and heir, has led the effort to bring the government's jihadist opponents back into the political fold through his organization, the Al-Qadhafi Foundation for Development. When Libya released at least 90 members of the LIFG on April 9, it was clear the negotiations between al-Islam and the LIFG were getting somewhere.

Libya certainly has the cash to persuade these jihadists to reach a political deal. Libya's first priority is regime preservation, and its second is development of the country's energy industry -- especially now that Tripoli has shed its pariah status and become the West's best example of a rogue gone right. Both of these items on the Libyan agenda are directly tied to buying political support from its jihadist opponents and creating a hostile environment for jihadist activity.

Since 2003, when Libya abandoned its unconventional weapons program, net oil export revenues have more than doubled thanks to the steady price climb in crude oil.

And this is just the beginning. Once Libya's cash economy gets developed through a flood of foreign investment, it will have plenty more petrodollars to spare to keep the domestic front quiet, particularly as the elder Gadhafi prepares to officially hand the political reins to his son. Libya's oil money is already being put to use, with Uthman claiming in his interview that the released LIFG members "have been given 10,000 dinars (\$8,467) each to start a new decent life and 300 dinars (\$254) each in immediate assistance from the Prison Administration on the day they were released".

If the Saudi report is accurate and the LIFG is indeed close to laying down its arms, Libya will have scored a major victory at home. But the benefits spread beyond Libya's borders. Uthman disclosed in his interview that LIFG leaders have requested that he carry the

message to LIFG-linked militants abroad that the negotiations with the Libyan government are moving ahead. By reaching out to their comrades, the LIFG's deal-making with the Gadhafis could very well impact the broader jihadist movement.

Of course there will be resistance to such a deal, from elements within both the LIFG and al Qaeda's North African node, which opposes striking a deal with a longtime enemy. But this, too, could work to Tripoli's advantage. Much like the way Egypt's security regime handles its Islamist militant opponents, Libya can pursue a divide-and-conquer strategy by exploiting the intra-Islamist rivalries that are bound to flare from these negotiations. As long as the bulk of the movement moves toward political accommodation, Libya will be taking a major, oil-funded step toward domestic stability. This will be key to establishing the security environment needed for Western investors champing at the bit to get into the Libyan energy market.

Libya: Setting the Stage for an Energy Renaissance

January 30, 2007 | 0136 GMT

Summary

Libyan leader Moammar Gadhafi's son has signaled that his father is backing down in a conflict with the European Union. A diplomatic breakthrough -- and a European investment boom into Libyan energy -- is nigh.

Analysis

Saif al-Islam, son of Libyan leader Moammar Gadhafi, said in an interview published Jan. 29 that the Bulgarian nurses sentenced to death in Libya for allegedly infecting hundreds of Libyan children with HIV will not be executed. Their trial and the preceding investigation, he said, were "flawed" and "unfair." The interview, with Bulgarian newspaper 24 Chasa, breaks an eight-year-old diplomatic impasse -- and sets the stage for a Libyan energy renaissance.

The nurses in question have been detained in Libya since the original charges were leveled in 1999. The prosecution's case, however, is dubious at best. International investigators and HIV experts assert that the HIV epidemic where the nurses were staying was in progress before the nurses even arrived, and in his statements al-Islam himself noted that the HIV cases were caused by "negligence" and not "conspiracy."

Gadhafi has been beating the drum on this case for years in an effort to solidify popular support for the regime. However, if his son's words are true -- and al-Islam often acts as an effective go-between for his father and the wider world -- Gadhafi himself is now stating his opposition to executing the nurses.

The reason for the change of heart on such a long-standing issue is simple. On Jan. 1 Bulgaria acceded to the European Union. One of the bloc's organizational quirks is that all members have full veto power over all foreign policy decisions. While before Gadhafi could afford to bully Sofia in the interests of generating rhetoric for public consumption, an enraged Sofia now has the means, motive and opportunity to veto EU-wide investment, trade and aid deals with Tripoli. Considering these new circumstances, STRATFOR expects this misunderstanding to be tidied up and the nurses to be sent home within a few weeks.

The implications for Libya could not be more significant. Oil output in Libya has fallen steadily since Gadhafi took power in the 1970s, making a mix of policy choices -- including mass nationalizations and sponsorship of terrorism -- that caused Libya's energy industry to suffer from insufficient investment, outdated technology and international sanctions. In recent years Gadhafi has largely made his peace with the international community -- the Bulgarian nurses dispute is the final outstanding issue -- and the country now stands on the cusp of a massive inflow of foreign investment.

The Libyans are reserving most of the existing projects for the Americans, believing they would be better partners since these were projects the Americans built before they fell out with Tripoli. But this hardly means the Europeans will be left with slim pickings, just that they will need to launch fundamentally new greenfield investments. That should not be a problem: Some 85 percent of the Libyan Desert has not yet been explored, while only test production is going on in the Gulf of Sidra behind the once-infamous "Line of Death."

But the real juicy stuff the Europeans cannot wait to get their hands on is the [natural gas](#). Recent developments in Russian-European relations have pushed the Europeans to look for alternate suppliers of the fuel. Aside from politically problematic Iran, Libya really is the only other potential supplier capable of getting a large amount of natural gas -- piped and liquefied -- to the European market in a reasonable amount of time. That is, assuming those nurses make it home -- and soon.

Libya: Signs of an Army-led Ouster in the Works

February 22, 2011 | 1939 GMT

Summary

STRATFOR has picked up on a number of signs that an army-led faction in Libya is attempting to oust Libyan leader Moammar Gadhafi and install a new Revolutionary Command Council made up of public and military figures to administer the country. Unlike the situation in Egypt, a military intervention in Libya has a much lower chance of success.

Analysis

Rumors have been circulating over the past 24 hours that a group of Libyan army officers is preparing to move into Tripoli to oust Libyan leader Moammar Gadhafi. A STRATFOR source claims Gen. al-Mahdi al-Arabi Abdulhafiz is leading this movement but that the officers are awaiting the results of a Feb. 22 U.N. Security Council (UNSC) meeting.



JOEL SAGET/AFP/Getty Images

Based on allegations that Gadhafi ordered the Libyan air forces to bomb civilian opposition targets, many high-level Libyan defectors, including Libyan Ambassador to the United States Ali Suleiman Aujali, have been calling on the UNSC to declare a no-fly zone over Libya and for the United States to enforce the zone. Although the U.S. Air Force has the assets in place to do so, there is not yet any clear indication that it is an option the United States is pursuing. According to one source, the army officers leading the movement are trying to lobby the United States to enforce the no-fly zone so that Gadhafi cannot order his remaining loyal units in the air force to bombard advancing army units. However, Gadhafi is likely calculating that global concerns over energy cutoffs from Libya and civil unrest escalating in the country could deter such plans.

According to a STRATFOR source, the following military and civilian members within the Libyan elite are presently being discussed as candidates for a new ruling council:

- Abu Bakr Younes Jabir, secretary of the General Interim Committee for Defense and Libya's de facto minister of defense, who Gadhafi reportedly placed under house arrest Feb. 21. According to a STRATFOR source, Jabir is well-liked by the army and has a decent chance of assuming leadership of the proposed council.
- Abdulsalam Jalloud, the No. 2 man in Libya until he was sidelined by Gadhafi in 1993 and pushed out of the regime elite in 1995 (the Revolutionary Command Council, or RCC, instituted after Gadhafi took power in 1969 was dissolved by the Libyan leader in 1977). Jalloud was one of the original "free officers" who helped Gadhafi come to power in the 1969 coup. He served as interior minister, deputy prime minister, minister of economy, minister of finance and deputy secretary general of the General People's Congress. Jalloud fell out of favor with Gadhafi in August 1993, just two months before a failed coup attempt carried out by military officers from the Warfallah tribe. Jalloud, who belongs to the Maqarha tribe -- the dominant tribe in Libya's southern Fezzan region and which is said to have "allegiances" to Gadhafi's Gadhafi tribe -- was accused of having links to this movement. Gadhafi family members recently were quoted as saying, "We even have the support of Abdulsalam Jalloud." On Feb. 21, however, Al Jazeera reported that his entire tribe had renounced Gadhafi.
- Gen. Abdel Fattah Younis, Libya's interior minister, former member of the RCC and general secretary of the People's Committee for General Security. Younis, who ran Gadhafi's personal security detail, reportedly defected during the recent unrest in Benghazi, leading a battalion under his command in an effort to combat the foreign mercenaries contracted by Gadhafi to suppress the demonstrations in the east.
- Maj. Mohammad Najm al Ma'ruf, former foreign minister (1972-1973) and RCC member until the 1980s, when he withdrew from politics. He has been sick and was sent by Gadhafi to Switzerland in 2002 for treatment. According to a STRATFOR source, Ma'ruf was sidelined by the regime.
- Abdulmun'im al-Hawni, Libya's former representative to the Arab League who resigned Feb. 20. Al-Hawni is a former RCC member

and was one of the original officers who took part in the 1969 coup. Al-Hawni allegedly took part in a failed army coup against Gadhafi in 1975 that was led by Minister of Planning and Revolutionary Command Council member Maj. Umar Mihayshi and involved some 30 army officers. Al-Hawni was the foreign minister at the time and sought asylum in Egypt. In 2000, former Egyptian President Hosni Mubarak mediated between al-Hawni and Gadhafi and convinced Gadhafi to take al-Hawni back after the latter re-pledged his loyalty to the Libyan leader. Al-Hawni was then appointed Libya's Arab League ambassador, a post he held until his resignation.

- Gen. Suleiman Mahmud al-Obeidi, commander of Tobruk region in eastern Libya. Unconfirmed rumors over the past couple of days have claimed al-Obeidi has been calling for a coup against Gadhafi.

Though plans appear to be in the works for an army-led intervention to oust Gadhafi, there is no guarantee that such a new regime would hold in place. Events over the past 48 hours indicate a splintering of the armed forces, though the severity of the splits remains unclear. Ultimately, without a strong regime at the helm, the loyalties of Libya's army officers are more likely to fall to their respective tribes. At that point, the potential for civil war increases considerably.

Moreover, the Libyan military is not a highly respected institution in the country -- unlike in Egypt, where the military held together as a cohesive force and was welcomed by the populace -- and has long been viewed as the source of the Gadhafi regime's repression. Unless Libyans distinguish between those army units that defected early on and those that remained loyal to Gadhafi, any army-led faction that tries to impose control will likely encounter great difficulty in sustaining its hold on power.

In other words, the Libyan situation cannot be viewed as a replication of the crisis management employed by the military in Egypt.

Libya: The New Energy Superpower

December 10, 2007 | 1740 GMT

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, ConocoPhillips, 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.

Geopolitical Diary Analysis of the Key Event of the Day

Libya: The Perils of Humanitarian War

August 2, 2011 | 0841 GMT

Four days after the announcement of the mysterious death of Libyan rebel military leader Abdel Fattah Younis, several stories have emerged seeking to explain how he and two of his aides were killed. Of these numerous tales, two narratives persist. One holds that he was killed by elements of a fifth column loyal to Libyan leader Moammar Gadhafi; the other maintains that Younis was executed by an eastern militia acting outside the control of the National Transitional Council (NTC). What exactly transpired may never be known, but the effect of Younis' killing on how the National Transitional Council is perceived is the same regardless. The rebels that the West has been counting on to replace the Gadhafi regime apparently cannot even control their base territory in eastern Libya, let alone govern the entire country.

The decision to frame the National Transitional Council as an optimal replacement to the Gadhafi regime was made in haste, when policymakers had very little information on the identity of the rebel forces.

It is known that Younis was recalled from the front line near the eastern coastal town of Marsa el Brega sometime in the middle of last week. It is also known that on July 28, NTC leader Mustafa Abdel-Jalil officially announced that Younis had been killed. Since then, Abdel-Jalil has changed the details of the official story. First he claimed that Younis was killed by an "armed gang" while en route to Benghazi to be questioned regarding "military matters." Abdel-Jalil then stated July 30 that Younis had actually been ambushed after he met with NTC officials in Benghazi. Abdel-Jalil, who like Younis is a former minister in Gadhafi's government, has said he does not know the exact reasons Younis was recalled in the first place. However, it has been widely speculated that Younis, the former interior minister who defected in the early days of the rebellion, was suspected of playing a double game and was in contact with the Tripoli regime.

Three days after Younis' death was announced, an NTC official stated that rebel forces in Benghazi had engaged in a five-hour firefight with members of a fifth column which had heretofore been feigning loyalty to the National Transitional Council. Though NTC official Mahmoud Shammam said the event had nothing to do with Younis' death, it lends credence to the fifth column theory. However, allegations by several other NTC officials create another possibility. If Younis really was killed by one of two armed militias known to work autonomously of the rebel council, then the notion that the National Transitional Council is the sole legitimate representative of the Libyan people -- or even just the eastern Libyan people -- immediately comes into question. To make matters worse, evidence that these militias are composed of Islamists (namely, former members of the [Libyan Islamic Fighting Group](#)) who had reason to seek revenge on Younis for his actions as interior minister, generates an entirely new set of worries for those that had placed so much faith in the rebels.

The decision to frame the National Transitional Council as an optimal replacement to the Gadhafi regime was made in haste, when policymakers [had very little information on the identity of the rebel forces](#). Not everyone rushed to formally recognize the body -- France was the notable exception -- but a de facto recognition effectively occurred the moment NATO began bombing the country in the [unspoken name of regime change](#).

There were early expressions of doubt about the nature of the opposition -- especially the "[flickers of intelligence](#)" statement by NATO Supreme Allied Commander in Europe U.S. Adm. James Stavridis, who said in March that elements of al Qaeda and Hezbollah were perhaps present among the rebel ranks. Nevertheless, the countries that pushed for the air campaign felt that anything was better than Gadhafi. This, after all, was a war ostensibly motivated by a desire to protect civilians. It was a [humanitarian war](#) that eventually assumed an [overt policy designed to force the Libyan leader from power](#).

NATO planes have now bombed Libya for more than four months, and Gadhafi remains in power despite all the claims that he is on the [verge of defeat](#). It is always possible that his regime may collapse, but the confidence among those that have led the air campaign is waning, regardless of what their public statements may claim. Countries that really think a military victory is at hand do not openly talk about seeking a negotiated settlement with the enemy, nor do they budge on their demand that the target be required to exit the country as part of any agreement. France, the United States and the United Kingdom have all done so.

With London's recognition July 27 of the National Transitional Council as the sole legitimate representative of the Libyan people, there are few Western countries left that have not yet recognized the rebel council. The Czechs represent a rare case of open skepticism.

While Prague has appointed a “flying ambassador” to Benghazi, Foreign Minister Karel Schwarzenberg said July 29, “I may find them nice, but I will not officially recognize [the rebels] until they get control of the whole country.”

This sentiment may end up being the historical lesson of the Libyan war, which ranks high on the list of countries in the region where the [Arab Spring has failed to bring about a true revolution](#). It would be untrue to say that no changes have occurred in the Middle East and North Africa since the [fall of Zine El Abidine Ben Ali in Tunisia](#). The Yemeni president is lucky to be alive and living in Saudi Arabia, [and he may not return to Yemen at all](#). Egypt may [still be run by the military](#), but Mubarak is gone thanks in part to the actions of the protesters, (although, they have since lost momentum). The Khalifas in Bahrain [weathered the storm](#) quite well, but the unrest in the Persian Gulf island kingdom (and the manner in which the United States responded) has led indirectly to a [potential rapprochement between age old rivals Iran and Saudi Arabia](#). The [Alawites in Syria](#) have maintained power but could very well have laid the foundation for their demise in the long term.

Libya, though, is the only country in which there was an armed intervention by the West. There were many reasons Libya was the one place in which the protection of civilians was officially deemed worthy of such a measure. Three outposts of rebel control have been created in [Cyrenaica](#), [Misurata](#) and the [Nafusa Mountains](#), and one wonders what the West will do next. The idea that [rebel fighters could take Tripoli on their own](#) was dismissed as unrealistic long ago. The strategy of bombing, waiting for the regime to implode and pushing for a negotiated settlement (just in case) has been adopted in its stead. But Younis' death has created a whole new set of questions, the most fundamental of which is this: who exactly will govern Libya if Gadhafi is forced to step down?

Libya: The Significance of Participation

April 2, 2008 | 1745 GMT

Summary

Libya will reportedly deploy ships to participate in maritime security exercises April 8-22 along with European and North African nations and the United States. The important factor worth noting is Libya's participation, not its naval capability.

Analysis

The Libyan navy will reportedly join 10 other southern European and North African nations April 8-22 in maritime security exercises with the U.S. Sixth Fleet, according to the Greek navy. While Libya has the longest North African coastline, its navy remains in a state of profound disrepair. Operationally, it has little to offer in the near term, although establishing practices for coordinating Mediterranean security operations with the Libyans is not of insignificant value in the region.

More significant is the fact that Libya is participating in the exercises. Libyan leader Moammar Gadhafi has long sought leadership of the Arab world and for the most part has been staunchly defiant of the West. In April 1986, retaliating for the bombing of a Berlin discotheque frequented by American soldiers, the United States bombed Libyan ground targets in Operation El Dorado Canyon. Following the attack, Libya turned its attention from the Middle East toward North Africa. However, after the U.S. invasion of Iraq in 2003, Gadhafi surrendered his country's unconventional weapons programs and even played a role in outing the nuclear network of Pakistani scientist and engineer A.Q. Khan.

Since then, Gadhafi has been [reintegrating](#) into the world around him, specifically the southern Mediterranean rim and North Africa, where Algeria is Libya's main competitor. The country's [oil and gas wealth](#) has the potential to enrich Libya's small population. The French have been especially quick to move forward with improving relations, including arrangements for the first export sales of France's [Dassault Rafale](#) fighter jet. In 2007, Gadhafi and his son, Seif al-Islam, attempted to make themselves useful to the West and reassert their status as players in the Arab world by mediating with terrorist groups like Abu Sayyaf in the Philippines and al Qaeda's North African node.

How successfully Gadhafi's son will be able to carry on remains to be seen. But the geopolitical reversal in Tripoli since 2003 is solidified each time Libya reaches a new milestone, the latest of which are the April naval exercises in the Mediterranean.

Geopolitical Diary

Analysis of the Key
Event of the Day

Libyan Chaos and its Regional Impact

February 22, 2011 | 1120 GMT

On Monday, it became very clear that the Libyan republic founded by Col. Moammar Gadhafi was fighting for its survival. The regime deployed army and air force assets to quell the unrest that had moved beyond the eastern parts of the country to its capital. Elsewhere, several senior Libyan diplomats resigned their posts and there were reports of military officers joining the protesters after refusing to follow orders to use force against the demonstrators.

The current situation is untenable and Gadhafi could be forced to step down. When that happens, the country is looking at a power vacuum. Unlike Tunisia and Egypt, where the ousters of the sitting presidents didn't lead to the collapse of the state, Libya could very well be the first country in the largely Arab Middle East to undergo regime change.

The military establishments in Tunis and Cairo were robust enough to remove long-serving head of states and maintain power. In Tripoli, however, the regime is centered on the family and friends of Gadhafi, with the armed forces in a subordinate role. Complicating matters is the fact that the modern Libyan republic has had only one ruler -- Gadhafi.

The Libyan descent into chaos could have a profound impact on the unrest brewing in other countries of the region.

In other words, there is no alternative force that can replace the current regime, which in turn means we are looking at a meltdown of the North African state. The weakness of the military and the tribal nature of society is such that the collapse of the regime could lead to a prolonged civil war. Civil war could also stem from a situation of Gadhafi not throwing in the towel and deciding to fight to the bitter end.

There are already signs that the eastern parts of the country are headed toward a de facto secession. Given the potential options, some people may view civil war between forces centered in Tripoli and Benghazi as a better option than utter anarchy. At least the country can avoid a Somalia-like situation in which multiple forces in different geographic areas run their own fiefdoms.

Libya spiraling out of control has implications for its immediate neighbors, especially Egypt, which is in the process of trying to manage a transition after the fall of former Egyptian President Hosni Mubarak's government. The last thing the Egyptian generals want to see is their western neighbor becoming a safe haven for Islamist militants. Likewise, the Tunisians and the Algerians (the latter more so than the former), have a lot to fear from a Libya without a central authority. And across the Mediterranean, the [Italians are especially nervous](#), both due to their energy interests in Libya, and as they contemplate the prospects of a flood of illegal immigrants using a post-Gadhafi Libya as a launching pad into Europe.

The Libyan descent into chaos could have a profound impact on the unrest brewing in other countries of the region. Many opposition forces, which have been emboldened by the successful ousters of the Egyptian and Tunisian presidents, could be discouraged by the Libyan example. Opposition forces in countries like Yemen, Bahrain, Morocco, Jordan and Syria would have to take into consideration that street agitation may not necessarily put them on the path toward democracy.

Thus, what happens in Libya will not just be critical for security in North Africa but for political stability in the largely Arab Middle East.

Libya's Gadhafi: Skillful Maneuvers

September 17, 2004 | 2044 GMT

Summary

Italy has announced it will unilaterally lift all sanctions against Libya no matter what the European Union decides to do about its embargo on the North African country. The move underscores the strategic relationship between Libya and Italy -- and indicates skillful maneuvering on the part of Libyan leader Moammar Gadhafi.

Analysis

Italian Interior Minister Giuseppe Pisanu said Sept. 17 his country will stop enforcing EU sanctions against Libya within the next week, regardless of the EU's position on the North African country. The move, a rare break with EU policy, marks Italy's attempt to consolidate its position as a major player in the Libyan oil market ahead of the tough competition.

Italy wants to top the list of those able to exploit Libya's newly opened oil and natural gas markets -- both for financial gains and to cement its strategic relationship with its former colony -- and has taken a bold step to get there. But Rome has another reason to ease up on its former colony. It needs Tripoli's help to stem the tide of illegal immigration from the Libyan coast into Italy. In a masterful stroke by Libyan leader Moammar Gadhafi, Tripoli said it would be unable to offer aid on the matter of illegal immigrants until sanctions were lifted.

By being the first to come out on Libya's side, Italy has positioned itself to reap two rewards. How long it will hang on to its slippery oil advantage, however, remains to be seen. The United States and the European Union will not allow Italy, or any single country for that matter, to dominate Libya's energy market, and likely will move quickly to secure their piece of the pie. Master manipulator Gadhafi has seen to that.

The Italian firm Eni, through its Agip division in northern Africa, is Libya's largest manufacturer of oil -- producing roughly 210,000 barrels per day or about 14 percent of the country's output. The firm has made several agreements with Libyan State National Oil Corp. to invest billions of dollars into the development of oil infrastructures, such as the \$7.8 billion Wafa project on the Libyan coast. Italy relies on the energy it receives from pipelines coming from North African fields for most of its oil.

Illegal immigration also binds the two countries. In the summer of 2004, nearly 10,000 Africans arrived on Italy's shores, most of them having traveled through Libya. Because Tripoli also faces problems caused by the onslaught of immigrants -- overuse of resources and crime, for example -- it accepted Italy's offer to train its police forces and to launch joint air, sea and land patrols. Gadhafi, however, has stressed the need for more sophisticated equipment to fight the battle. In an Aug. 26 meeting with Italian Prime Minister Silvio Berlusconi, Gadhafi insisted that sanctions be lifted in order to ease Libya's access to the modern technology. Gadhafi also had another reason to press Italy.

Although he wants to maintain ties with Rome, he is eyeing a bigger fish in the pond: the United States. In fact, Libya rejected Italy's request to use oil production facilities the United States abandoned in the 1980s -- hoping the Americans would return. The relationship between Washington and Tripoli is improving quickly, but will not be fully cemented until business relationships have formed, allowing for U.S. partnerships in the developing oil industries.

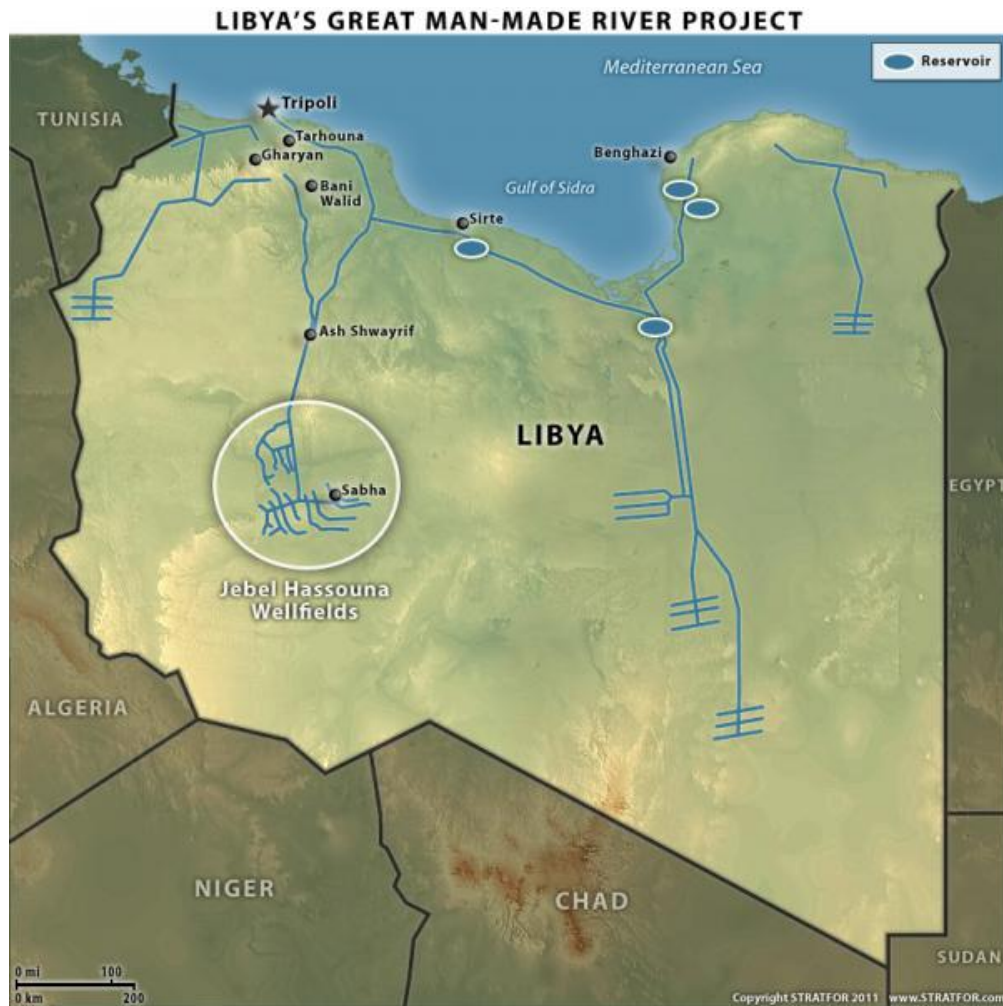
Gadhafi realized the United States and European Union would not allow one country to begin exploiting Libya's oil alone. Hence, by getting Italy to lift sanctions, he presses the United States and the EU to do the same.

Essentially, Italy has no reason not to lift sanctions. The two countries have enjoyed a profitable trade relationship for more than 2,000 years, and the economic and strategic benefits of furthering those ties are too compelling to pass up. Additionally, any moral problem Rome might have had with Libyan sponsorship of militants has been forgiven.

Though Washington is moving quickly to normalize relations with Libya and will eventually lift all investment restrictions, election-season politicking and the hawks in Congress could impede the process in the short term. That leaves an opening for Italy to consolidate its lead in the race for Libya's petroleum riches.

Libya's Great Man-Made River

September 1, 2011 | 2035 GMT



[View Full-size Graphic](#)

Analysis

Water shortages began in Tripoli the day after rebel forces entered the city Aug. 21. Multiple explanations have been offered for the water shortages, which are affecting more than 3 million people in Libya's western coastal region. The cause appears to be a cutoff of the flows from the western system of the [Great Man-Made River \(GMR\)](#), a huge subsurface water pumping and transport system that taps aquifers deep in the Sahara and transports the water to Libya's coast. Approximately three-fourths of Tripoli's municipal water resources come from the GMR, with the rest coming from seawater desalinization plants, local wells and sewage treatment plants. The residents of Tripoli have exhibited resilience in the face of the shortage thus far. Part of the solution has been a mass tactical shift in the allocation of potable water. The GMR allowed pre-war daily water use to average more than 200 liters per capita. The amount of water needed per capita for survival is much lower -- humanitarian agencies have been placing the figure at 3-4 liters (assuming low activity levels) -- meaning that even a massive decrease in the flow of water to Tripoli does not automatically create the danger of large numbers of deaths, so long as the situation does not deteriorate further. None of this is to say that the situation in Tripoli is sustainable should it last for too long -- at least in the eyes of the National Transitional Council. There will be a limit to the amount of goodwill the people of Tripoli hold toward the NTC, whose fight against Gadhafi has led to the current situation. At a certain point, continued water shortages in Tripoli will create rising anger toward the rebel council, and toward NATO as well, as people will begin to point fingers at those who led them into their current plight. The logistical challenges of bringing order to Tripoli while continuing to fight Gadhafi's remaining forces have the potential to become a major burden. The NTC will thus seek to ensure that the GMR is brought back online as soon as possible.

Libya's Overtures to the Anglo-American Alliance

December 24, 2003 | 2010 GMT

Summary

Seif al-Islam, son of Libyan President Moammar Gadhafi, said Dec. 24 that British Prime Minister Tony Blair would visit Libya in early 2004, to be followed shortly thereafter by U.S. President George W. Bush. The truth of Seif's statement is unconfirmed -- neither London nor Washington has confirmed plans for official visits -- but it is clear that Libya is pushing for a normalization of relations as soon as possible. It is a goal that both the Americans and the British are eager for as well.

Analysis

"The British premier will visit Tripoli at the beginning of next year, followed by a visit by U.S. President George Bush," Seif al-Islam, son of Libyan President Moammar Gadhafi, told London-based newspaper Asharq al-Awsat in a telephone interview from Tripoli on Dec. 24. "I foresee the Bush visit happening after the lifting of U.S. sanctions, which I believe should happen within three months at most." He added that U.S. military officials would be coming to Libya shortly in order to lay the foundation for future cooperation between the two countries' armed forces.

Seif's statements came a day after Libya's official JANA news agency reported that British Foreign Secretary Jack Straw had invited Libyan Foreign Minister Abdel Rahman Shalgham to London.

London and Washington have yet to confirm any of these statements -- and it is highly likely at this point that the president's son was stating Gadhafi's wishes more than announcing any impending visits. Nonetheless, Tripoli has been sprinting toward the Anglo-American alliance.

The most recent major development in the warming of relations occurred Dec. 19, when Tripoli announced it was formally abandoning its weapons of mass destruction program and throwing its facilities open to international inspection. For the United States, the announcement was the best news possible. For one thing, it supports Washington's case that the U.S.-led military action against Iraq in March and April was necessary in order to force Middle Eastern states into better behavior. The Libyan policy shift also places pressure on Iran to live up to its recent commitments to disclose its nuclear program, and on North Korea and Syria to shape up -- or, in the words of U.S. Secretary of State Colin Powell, to "get smart."

Tripoli would not have announced a major policy change that plays so directly to long- and short-term U.S. goals unless it intended to go all the way and cooperate with the United States on everything from arms proliferation to crackdowns against organizations such as al Qaeda. Gadhafi even went so far on Dec. 19 as to say that other states -- read Syria, Iran and North Korea -- "should follow the steps of Libya, or take an example from Libya, so that they prevent any tragedy being inflicted upon their own peoples." That statement could have been penned at Foggy Bottom. For Libya -- which, according to London, initiated all of the talks on WMD on its own -- this is about full reintegration into the international system; that can't be done in half-measures.

Seif is the logical emissary for such efforts. Though he is not an official government spokesman, informally he handles a great deal of Libya's foreign affairs via some "charitable organizations" that he leads. Seif was instrumental in negotiations with the United States and Britain in reaching agreement on a compensation package for the families of the Lockerbie victims. His efforts led directly to the [lifting of U.N. sanctions](#) against Libya in September.

Assuming that Libyan cooperation continues flowing as it has for the past week, the Bush administration very soon will find the ball in its court. It was Washington that first branded Libya as a state sponsor of terrorism in 1979, and the United States has maintained a strict embargo on the country since 1986. Revoking those sanctions would require the U.S. Congress to amend the Iran-Libya Sanctions Act

Domestic U.S. opposition to normalization of relations with Libya is strong, but its core is among the neoconservatives from whom Bush draws much of his political strength. This will allow discussion on the future of Libyan-American relations to be carried out behind the scenes and then -- if conservatives are convinced that Libya's changes are for real and should be rewarded -- presented to Congress as almost a fait accompli.

It is too soon to postulate the timeframe for such a reconciliation, but it is now apparent that Tripoli wants it soon -- and is willing to

cooperate to make it happen. The business of full normalization of relations is now down to the tactical level. It is no longer a question of if, but when -- not whether, but how.

Geopolitical Diary

Analysis of the Key
Event of the Day

Libya's Split Between Cyrenaica and Tripolitania

February 24, 2011 | 0242 GMT

Compared to the past few days in Libya that were marked by aerial bombardments on opposition strongholds, bizarre speeches by Libyan leader Moammar Gadhafi and deadly clashes between protesters and African mercenaries, Wednesday was eerily quiet in the North African country.

The reason behind this apparent sense of quietude is because Libya is currently stuck in a historical east-west stalemate, with the threat of civil war looming.

The Gadhafi regime has effectively lost control of the east, where opposition forces are concentrated in and around the cities of Benghazi and Al Baida. The opposition is also encroaching on Libya's dividing line, the energy-critical Gulf of Sidra, with the directors of several subsidiaries of the state-owned National Oil Corporation announcing they were splitting from Gadhafi and joining the people.

To the west, Gadhafi and his remaining allies appear to be digging in for a fight. Residents in Tripoli, many of whom turned on Gadhafi after witnessing the gratuitous violence used on protesters, are reportedly stockpiling arms, unsure of what will come next, but expecting the worst.

Without a clear alternative, and with Libya fundamentally divided, there is no Plan B for the Gadhafi regime that generates much enthusiasm.

A swath of nearly 500 miles of desert lies between the opposition and Gadhafi strongholds. And herein lies the historical challenge in ruling Libya: the split between ancient Tripolitania and Cyrenaica. The Cyrenaica region has a long and rich history, dating back to the 7th Century B.C. This is a region that has seen many rulers, including Greeks, Romans, Persians, Egyptians, Ottomans, Italians and British, and has long been at odds with the rival power base of Tripolitania, founded by the Phoenicians. At the time of Libya's independence and through the reign of King Idris I (whose base of power was Cyrenaica), Libya was ruled by two capitals, Tripoli in the west and Benghazi in the east. For most Cyrenaics, Benghazi -- and not Tripoli -- is seen as their true capital.

It was not until Col. Moammar Gadhafi's 1969 military coup that overthrew the monarchy that the Tripolitarians could truly claim dominance over the fledgling Libyan state. But in a country divided by myriad dialects, tribes and ancient histories, Tripolitanian power could only be held through a complex alliance of tribes, the army's loyalty and an iron fist.

Gadhafi thus finds himself in a serious dilemma, with what appears to be a winnowing number of army units and tribes remaining loyal to him in Tripoli and Sirte, his tribal homeland located on the western edge of the Gulf of Sidra. Under such circumstances, it is difficult to see how Gadhafi will be able to project power militarily to the east to retake the resource-rich territory and ultimately save his regime. It is equally difficult at the moment to imagine a contingent of opposition forces from the east charging across the desert and successfully retaking Tripoli. Even if a coup is attempted by Tripolitarians in the west against Gadhafi, the successor will face an extraordinary challenge in trying to exert control over the rest of the country to resolve the east-west split. When it comes to the Tripolitania-Cyrenaica divide, neither side is likely to make a move until they feel confident about their ability to co-opt or destroy enough forces on the enemy side.

A period of negotiations must first take place, as the Cyrenaica-based opposition forces attempt to reach a political understanding with forces already in Tripoli, who may already have ideas of their own on how to eliminate Gadhafi. That way, if they do move forces, they will at least have prior arrangements that they are not going to be challenged and ideally can be logistically supported from stocks in Tripoli. This explains the current quietude, as each side maneuvers in negotiations and conserves forces.

Whether those negotiations actually lead somewhere is another question. Gadhafi may be losing more credibility by the day, but he appears to be gambling on two things: that he can retain enough military and tribal support to make the cost of invading Tripoli too high for the opposition to attempt, and that the foreign bystanders to this conflict will be too fearful of the consequences of his regime collapsing.

The fear of the unknown is what is keeping the main external stakeholders in this conflict in limbo at the moment. From the U.S. president to the CEO of Italian energy firm ENI, nobody appears willing to rush a regime collapse that could very well result in civil war. This may explain the notably vague statements coming out of Tuesday's U.N. Security Council meetings that focused on condemning the violence and not much else, as well as U.S. President Barack Obama's statement on Wednesday, in which he said, "I have asked my administration to prepare a full range of options. This includes unilateral options, those with partners and those with international organizations."

It is no coincidence that to this day, not a single leading opposition figure in Libya can be named. This is a testament to Gadhafi's strategy of consolidating power: to prevent the creation of alternative bases of power and keep the institutions around him, including the army, deliberately weak. Without a clear alternative, and with Libya fundamentally divided, there is no Plan B for the Gadhafi regime that generates much enthusiasm.

And so we wait. Opposition forces in the east will conduct quiet negotiations in the west to determine who will defect and who will resist; the United States and Italy will be lobbied endlessly by the opposition to enforce a no-fly zone over the country; the external powers will continue to deliberate among a severely limited number of bad options; and Gadhafi and his remaining allies will dig in for the fight.

If neither side can acquire the force strength to make a move, Libya will return to its historic split between Tripolitania and Cyrenaica with separate bases of power. If one side takes a gamble and makes a move, civil war is likely to ensue. Sometimes it really is that simple.

Libya's Transition to the Post-Gadhafi Era

August 30, 2011 | 1228 GMT

Summary

A protest took place in the early morning hours in Misurata on Aug. 29 against alleged plans by the National Transitional Council (NTC) to appoint a defected Libyan army general to a top security post in Libya's new government. Two days earlier, relatives of slain Libyan rebel military commander Abdel Fattah Younis issued a deadline to the NTC leadership, demanding that it release its findings from an investigation into those responsible for Younis' death by the end of Eid al-Fitr. The incidents are unrelated, but both serve as early warning signs of the problems the NTC will face as it attempts to make the transition to the post-Gadhafi era.



KARIM JAAFER/AFP/Getty Images

Analysis

[Though the fight against Moammar Gadhafi is not yet over](#), the rebel National Transitional Council (NTC) is already busy trying to [bridge the fault lines](#) that exist among its ranks by divvying up positions of power among the various regions and groups that contributed to the war effort. Eight members of the NTC have reportedly relocated from Benghazi to Tripoli, while a newly expanded council membership (up from 31 to 40) seeks to distribute membership across the country. No matter what it chooses to do in its attempts to placate various rebel groups, however, the council's leadership will risk upsetting other factions.

Around 500 people reportedly gathered in the western coastal city of Misurata on Aug. 29 to protest plans by leading NTC official Mahmoud Jibril to appoint Albarrani Shkal as the head of security in Tripoli. Shkal is accused of having played a leading role in the [Libyan army's assault on Misurata](#) in the early months of the Libyan war. He reportedly served as an operations officer under the command of Khamis Gadhafi in the 32nd Brigade. He then allegedly defected to the opposition in May, after Libyan forces were unable to retake the city.

Those Misuratans who protested Shkal's planned appointment to the capital's top security post are upset that the NTC leadership is appearing to reward the people who actively fought against them for several months. Misuratans have developed a revered status among Libyans opposed to the Gadhafi regime for their fighting ability during the siege on their city, and many are believed to have dispatched certain fighters via ships to Tripoli during [the invasion of the capital](#). There are many Misuratans currently helping run security in the city. These fighters will pose a challenge to the authority of the NTC in the months ahead, as the council leadership -- acting in accordance with advice given by their British advisers -- seeks to avoid the mistakes that the U.S.-led coalition made in the early days of the Iraq War. A Libyan version of debaathification would risk creating a backlash among former members of the Gadhafi regime, something that the new leadership in Tripoli wants to avoid at all costs.

Though all facets of the Libyan opposition recognized the NTC as their official leadership body in February, the council never established absolute control over the resistance movement as a whole. The Misuratan rebels did depend on Benghazi for critical supplies through Misurata's port, but they have displayed a marked sense of independence from Benghazi in recent weeks. Open challenges to the NTC's authority are already being voiced in other places, not only in Misurata. Even in eastern Libya, signs of discontent are rising to the surface. Relatives of [slain rebel military commander Abdel Fattah Younis](#) -- another defector from the Gadhafi regime, albeit one who never fought on the regime's side during the uprising that began in February -- gave an interview Aug. 27 in which they issued a deadline for the NTC to reveal the identities of those responsible for Younis' murder in July. NTC head Mustafa Abdel-Jalil said Aug. 24 that the council leadership is now aware of who exactly was to blame for Younis' killing but that it would refrain from making this information public -- let alone arresting the culprits -- due to its desire to preserve the higher interests of the revolution.

One of Younis' sons said in the interview that the end of Eid al-Fitr (the three-day celebration that follows the end of Ramadan) is "the final deadline" for the rebel council to release the findings of its investigation, but Younis' son did not state what the repercussions would be. Younis comes from the prominent [Obeidat tribe](#) in the Tobruk area of eastern Libya. The Obeidat have refrained from reprisals for his death, likely expecting that the council would repay them in some way. The naming of Suleiman Mahmoud al-Obeidi as a top-ranking NTC military commander following Younis' death was seen as a way of placating the tribe, but Younis' family's words indicate it was not

enough. Younis' family has alleged that Islamist militants are responsible for his death and have made accusations that there are Islamist elements embedded within the NTC itself. It is well known that Islamist militias played a critical role in the invasion of Tripoli and that one of the leading military officials for the NTC in Tripoli at the moment is a man with alleged links to the Libyan Muslim Brotherhood, Alamin Bellhajj. Aside from these connections, it is unclear how much truth there is in Younis' relatives' claims.

Meanwhile, the Libyan rebels continue to face military challenges. Gadhafi's whereabouts remain unknown. The rebels' ability to siege his hometown of Sirte has been halted by the ongoing resistance of loyalist fighters as well as challenges in maintaining supply lines. Large swathes of the central and southern regions exist where rebel fighters have yet to exert control. These tasks will take up the majority of the NTC's attention in the near future. Meanwhile, the fractious nature of the Libyan rebels will continue to cause problems as the council transitions from rebellion to governance.

Mali Besieged by Fighters Fleeing Libya

February 2, 2012 | 1221 GMT

By Scott Stewart

Mali has experienced perhaps the most significant external repercussions from the downfall of the regime of Libyan leader Moammar Gadhafi. Stratfor has discussed the impact of the conflict in Libya on the wider region since international intervention began in March 2011. Instability in Libya due to that country's deep internal fault lines meant that re-establishing a government would prove difficult. As we pointed out, that instability could spread to neighboring countries as weapons and combatants flow outward from Libya.



Reports now indicate that thousands of armed Tuareg tribesmen who previously served in Gadhafi's military have returned home to Mali. The influx of this large number of well-armed and well-trained fighters, led by a former Libyan army colonel, has re-energized the long-simmering Tuareg insurgency against the Malian government. These Tuareg insurgents have formed a new group, the National Movement for the Liberation of Azawad (MNLA). In mid-January, they began a military campaign to free three northern regions of Mali from Bamako's control.

The government of Mali has claimed that the MNLA is aligned with al Qaeda in the Islamic Maghreb (AQIM). MNLA, however, has strongly denied any link to the group and said it will serve as a bulwark against AQIM. Given the U.S. and European interest in preventing the strengthening of AQIM, both sides have considerable incentive to take their respective positions. These developments make it an opportune time to examine the MNLA, its current offensive and the potential implications for Mali and the region.

The Tuaregs and the Origins of the MNLA

The Tuaregs are a semi-nomadic people who inhabit the interior of Africa's Sahara region, including parts of Mali, Algeria, Niger and Libya. (Click [here](#) for background information on the Tuaregs.) Tuareg militancy extends to pre-colonial times; the current conflict is merely the latest manifestation of a longstanding struggle between the Tuaregs and their ruler of the moment. In modern times, Tuareg insurgencies seem to occur almost every decade. They have fought the governments of Mali, Niger and Algeria since those countries' independence from France. Major Tuareg rebellions occurred in Mali from 2007 to 2009 and from 1990 to 1995.

During these rebellions, Tuareg militants typically exploit their mountain bases in Mali's northeast to launch hit-and-run guerrilla attacks against military targets across Mali's vast northern region, leaving the Malian armed forces spread thin.

The Tuaregs are a tribal people. Some Tuareg tribes in Mali -- such as the Oulemedens, Ichnidharans and Imgads -- tend to be more closely aligned than tribes such as the Idnans, Ifoghas and Chamanesse, which tend to be involved with armed opposition to the government.

Traditionally, the Tuaregs controlled caravan routes across the Sahara. In days past, those caravans carried gold, spices, salt or dates. Today, contraband including weapons, untaxed tobacco and even narcotics traverse the desert routes. Banditry remains common in the region.

The MNLA emerged against this backdrop on Oct. 16, 2011, four days before the killing of Moammar Gadhafi. Its leader is former Libyan army Col. Ag Mohamed Najem, who hails from the Ifogha tribe, at present the most radical tribe of the Tuareg opposition in Mali.

MNLA's website notes that the group is composed of remnants of former Tuareg opposition movements such as the United Fronts of Azawad, which led the 1990s uprising, and the Tuareg Movement in Northern Mali led by Ibrahim Ag Bahanga, who spearheaded the 2007-2009 rebellion. A cousin of MNLA leader Ag Mohamed Najem, Ag Bahanga died Aug. 26, 2011, in what some reports call a car accident. Other reports indicate he may have been killed in a strike by a U.S.-trained Malian counterterrorism unit. At the time of his death, he was trying to return to Mali from Libya, where he had fled in 2009 after a failed offensive into southern Mali.

Najem reportedly rose quickly among Gadhafi's ranks to become colonel of a unit of the Libyan army stationed in Sabha, in central Libya, making him quite familiar with the tactics of desert warfare. He reportedly deserted the Libyan army in July 2011 and, according to media reports, now holds at least two camps in Tigherghar and Zakak in the Tin-Assalak hills of northeast Mali, an area where Ag Bahanga established bases in 2007.

Najem is not the only MNLA leader with significant military experience. Experienced defectors from the Malian army including Lt. Col. Ag Mbarek Aky and Col. Ag Bamoussa reportedly have bolstered the organization. The presence of experienced military leaders gives the MNLA an increased ability to organize and mobilize its units across a broad swath of territory in northern Mali.

According to the group's website, their long-term demands include the liberation of the Timbuktu, Gao and Kidal regions in northern Mali. Previous Tuareg opposition movements have demanded reforms including decentralization and regional military integration. Notably, the MNLA does not seek control of all of Mali, just the northern regions.

The MNLA's website also goes to great lengths to distance the MNLA from the Gadhafi regime, but its claims that its Tuareg fighters fought alongside the Libyan rebels against Gadhafi are highly dubious. Indeed, many of Gadhafi's Tuareg troops supported the regime until his death and the capture of his son Seif al-Islam. But no matter which side they fought on in Libya, the arrival of a large contingent of heavily armed Tuareg fighters (reportedly numbering between 2,000 and 4,000) poses a significant challenge to the government of Mali.

Current MNLA Offensive

[On Jan. 16-17, MNLA militants attacked a military barracks and a national guard base in Menaka, Gao region.](#) A government helicopter forced the attackers to retreat. The Malian Defense Ministry stated that one soldier and several assailants were killed, but the actual number of casualties is thought to be higher. According to media reports, Tuareg rebels led by Malian army defector Ag Assalat Habbi may still be in the Menaka area.

On the morning of Jan. 17, the MNLA continued attacks against the northeastern cities of Aguelhoc and Tessalit in Kidal region. Witnesses reported that approximately 20 vehicles drove through the town of Aguelhoc to the military barracks before firing on the army with small arms and heavy weapons. Throughout the clashes there were contradicting claims over who controlled the cities, but by Jan. 20 the Malian government released a statement indicating that the three towns of Menaka, Aguelhoc and Tessalit had been reclaimed, indicating the rebels had held them for at least a short period. As Mali is very large and has poor roads and limited air assets, it can take the Malian military quite some time to reinforce units overland from southern Mali.

The rebels reportedly returned with reinforcements to Aguelhoc and, after cutting off supply convoys for nearly two days, launched an assault on the city early Jan. 24. According to one media account, the army had to abandon

Aguelhoc after troops ran out of ammunition; another report says they staged a tactical retreat to reinforce the larger city of Kidal nearby. Following the retreat, the Malian government conducted airstrikes on Aguelhoc using fixed-wing Malian aircraft (likely MiG-21s), reportedly destroying some 40 rebel vehicles and killing dozens of fighters. The MNLA posted a photo on its Facebook page it claims shows a MiG-21 that MNLA forces shot down, but the photo is actually of a destroyed truck. On Jan. 25, government troops recaptured Aguelhoc. Subsequent reports suggest control of Aguelhoc has passed back and forth more than once since then.

The MNLA continued its series of armed assaults Jan. 26 on the towns of Anderamboukane in Gao region and Lere in Timbuktu region. While reports from Anderamboukane, near Menaka, have conflicted -- as have almost all reports regarding the fighting in the region -- it appears that the rebel assaults were similar to those launched against other towns and that the military used helicopters to disperse the attackers.

Lere, a small town, is approximately 320 kilometers (about 200 miles) west of the towns previously targeted. Local residents reported that MNLA fighters arrived in a dozen cars after a military unit had left the town so the militants faced no resistance. According to Reuters, military reinforcements were deployed in the direction of Lere on Jan. 28, but the present status of the town is unclear. Although tactically simple, this assault displays the geographic reach of the rebel movement and its intent to make government forces deploy across Mali's expansive north.

Lere is just south of Lake Faguibine, an area frequented by AQIM convoys. In June 2010, a joint Malian-Mauritanian force chased AQIM fighters into the Lere area after it attacked AQIM camps located in Wagadou Forest, on the Mali-Mauritania border.

On Jan. 31, the MNLA also reportedly attacked Niafunke, in Timbuktu region, in the far west of northern Mali. We have also seen an unconfirmed report of a purported MNLA attack in Ntilit, Goa region.

MNLA and AQIM

Mali is poor and its troops are poorly trained and equipped. Historically, the government has not demonstrated the will to seriously tackle Tuareg militants -- or AQIM for that matter. As noted above, the influx of thousands of armed Tuareg fighters poses a significant threat to the Malian government's ability to control the north of the country. The number of Tuareg fighters now reportedly engaged in the insurgency is considerably larger than the number involved in the 2007-2009 uprising. And the MNLA is not the only threat Mali faces. Like other nations in the region, the presence of AQIM threatens Mali, and in recent years the United States, France and the European Union have all provided funding and training intended to assist the government of Mali in countering the AQIM threat. Matters become murky at this point.

The government of Mali has publicly claimed that the MNLA is associated with AQIM to draw even more support from the United States and the Europeans. In fact, if not for the AQIM threat, the Americans and Europeans would not be inclined to pay much attention to the happenings in Mali: The AQIM card is really the only one the Malian government has to play to induce Western involvement. Given the grave Tuareg threat they face, the Malians are attempting to hype the AQIM-Tuareg relationship.

Certainly, U.S. and European air assets could provide a dramatic boost to the efforts of the Malian military, not just in terms of strikes, but also in terms of intelligence, surveillance and reconnaissance. Such assets could provide an elevated sense of battlefield awareness that could permit the Malian government to deploy its limited resources in a decisive manner. It could also help them know when not to engage. Likewise, as seen in Libya, even small teams of Western special operations forces working to advise and coordinate close air support for local forces could provide a tremendous boost to their combat capability.

Because of these factors, it is in the Malian government's best interests to paint the MNLA as associated with AQIM -- and of the MNLA to deny such association. The MNLA vociferously has denied ties to AQIM and even claims that once it controls the northern part of Mali, it will serve as a buffer against AQIM. The truth probably lies somewhere in between these statements.

In the past, Tuareg opposition networks have had varying degrees of involvement with AQIM. For example, former rebel leader Ibrahim Ag Bahanga (the deceased cousin of MNLA leader Ag Mohamed Najem) is thought to have maintained close associations with AQIM for financial reasons. Arab smugglers are known to pay large fees for protection as they run drugs, fuel, arms, cigarettes and migrants across Tuareg territory. There are also reports that Tuareg tribesmen have kidnapped Westerners in the Sahel and that those Westerners somehow made their way into AQIM custody, perhaps after being traded or sold.

The nuances of the relationship between AQIM, the Tuareg insurgents and smuggling networks in the Sahel are complex but appear to be linked primarily to the economic needs of the Tuaregs. Ag Bahanga clearly appears to have been plugged into these smuggling networks and to have used them, along with the patronage of Gadhafi, to fund and support his rebel movement.

With the cessation of supply lines from Libya, the MNLA must have a stream of income, food and ammunition if it is to sustain itself for the long term. Despite the MNLA's claims that it would clean up smuggling in the north, it would not be difficult for the MNLA to look to traditional smuggling networks as its principal source of revenue in much the same way AQIM currently does. We are unsure of how closely the MNLA will work with AQIM. Logically, it would likely cooperate, or not cooperate, with AQIM as best suits its cause.

Outlook

As the MNLA continues its efforts to establish control over northern Mali, and the Malian government works to prevent that from occurring, we will be looking at a number of factors to help determine which way the struggle is going.

First, the Libyan weapons currently under MNLA's control give it an ability to support itself in the short term, but it will need to find alternative sources of supply if it is going to be able to sustain its offensive operations. One option would be to re-establish Libyan lines of supply through a new relationship with the black and gray arms market there.

This means we will also need to watch for more defections from the Malian government and army -- especially units deserting with their equipment.

Second, the MNLA will need to win the hearts and minds of the people if it is to succeed in its insurgency. We will need to watch for indications that other tribal groups are jumping on the MNLA bandwagon and for the reaction of local populations to MNLA activities. So far, local populations have fled the MNLA. They also have conducted demonstrations in some places, demanding that the government take action against the MNLA. Alternatively, the MNLA could seek to drive opponents out of the regions it seeks to control, so we also need to watch for indications that it is driving civilians who do not support it out of the areas in which it operates.

Western help could dramatically change the situation, especially in areas like intelligence, surveillance and reconnaissance resources and strike aircraft. We need to watch carefully for the increased deployment of such systems or of special operations forces to Mali and their use against the MNLA and not just against AQIM.

Algeria is positioning itself to serve as a neutral mediator, as it has in past confrontations between the Malian government and the Tuaregs. Algiers has temporarily frozen its operations and training with the Malian military and

withdrawn its advisers from the northern states to avoid being caught in the middle of the clashes. Algerian diplomats reportedly have reached out to Tuareg tribal leaders in Algeria's own southern desert to pressure their counterparts in Mali to return to talks. The Algerian government has refused to treat wounded MNLA fighters, instead insisting on maintaining its neutral stance in the conflict, meaning that it is unlikely that the MNLA will be able to turn to Algeria if Malian forces push it into a corner. Like Algeria, Niger and Libya have their own Tuareg populations and internal stability issues and thus are not likely to take risks for the MNLA. This could put the group in a very tight spot, so we need to carefully watch the Algerian mediation efforts.

NATO's Doctrine Supporting Rebels and the Libya Endgame

August 27, 2011 | 1521 GMT

Summary

Following months of stalemate between the Libyan rebels and forces loyal to Moammar Gadhafi, the speed of the rebel advance that breached Tripoli in a matter of days surprised nearly all observers. With airstrikes by Western powers and the fighting capabilities of rebel forces having proved insufficient to dislodge Gadhafi from power, it is unlikely that their effect was enough to cause Gadhafi's forces to seemingly crumble so dramatically. Special operations forces have been on the ground since before the air campaign began -- some have even been officially acknowledged by NATO member states by this point -- while information operations to shape perceptions both inside and outside the regime have been undertaken. These efforts, however, rapidly lose their effectiveness when their targets are able to endure the initial assault, and with Gadhafi loyalists continuing to put up resistance in parts of Tripoli and hold entire cities elsewhere in Libya, victory may not be as close as it would appear for NATO and the rebels.



FILIPPO MONTEFORTE/AFP/Getty Images

Analysis

Rebels based in Libya's western Nafusa Mountains region entered Tripoli on Aug. 21, pushing through what was widely anticipated to be stiff resistance by Moammar Gadhafi's forces in the Libyan capital. The speed with which the rebels were able to enter the city was unexpected, given the months of relatively stalemated fighting between loyalist forces and the rebels, even with the aid of NATO airstrikes following the U.N. resolution authorizing the use of force in March.

Neither the cumulative effect of the Western bombing campaign nor a spontaneous improvement in the various rebel factions' tactical capabilities -- much less their [ability to plan and coordinate](#) -- can sufficiently account for the rapid advance. A more compelling rationale for the apparent breakthrough by rebel forces is an aggressive clandestine campaign by NATO member states' special operations forces, accompanied by deliberate information operations -- efforts to shape perceptions of the conflict. Both of these strategies, however, have significant drawbacks, which could be exploited if Gadhafi and his loyalist forces are able to survive for an extended period.

The use of clandestine special operations teams in these circumstances is consistent with basic doctrine and operational concepts of both the United States and many of its key NATO allies. However, these special operations efforts have one significant potential shortcoming: Unless significant conventional ground combat forces are committed -- forces NATO is unlikely to provide and the rebels are likely too divided and uncoordinated to provide themselves -- the ability to secure their gains can be jeopardized by an opposition force able to survive the initial push. Small, elite special operations teams have little capacity for sustained, manpower-intensive security and stability operations -- particularly on the scale necessary to adequately secure a city. It is not a role for which they are trained, equipped or intended.

The effectiveness of information operations also can be eroded when the carefully crafted narrative they built up -- for example, that of a competent rebel army winning the universal support of the Libyan public, defeating Gadhafi and taking Tripoli with little resistance -- begins to disintegrate in the face of reality. Gadhafi had likely prepared for these efforts by the West. With pockets of loyalist resistance persisting in Tripoli and pro-Gadhafi forces holding [entire cities elsewhere in the country](#), the end of the Libyan conflict may not be as close as NATO and the rebels hope or expect.

Rebel Abilities and Airstrikes' Limitations

From the outset of the uprising, the rebels in the east, based out of Benghazi, never demonstrated the kind of tactical or logistical sophistication that would allow them to project and sustain combat forces across the long, open expanse of central coastal Libya (Gadhafi's hometown of Sirte, situated in the middle of this expanse, remains in loyalist hands). Seizing a well-defended urban area from an opposition force presents enormous materiel and personnel challenges for even the best-trained and best-equipped military force. Rebels in the western city of Misrata proved to be more capable than their eastern counterparts, holding the city since April while

withstanding a severe battering by Gadhafi's forces. However, it was not until the Nafusa Mountain guerrillas farther southwest [took the key city of Zawiya](#) and joined with ethnic Arab fighters from along the coast that the march into Tripoli made any progress. (Rebels from Misurata were unable to reach Tripoli by land, but a small contingent reportedly arrived by sea during the assault from Zawiya.)

(click here to enlarge image)

The rebels were assisted by NATO airpower (which served as the de facto rebel air force) during this push into Tripoli, but [airpower alone has a poor record of forcing capitulation by an entrenched enemy](#). Moreover, none of the members of the NATO alliance that participated in the air campaign against Libya were willing to match the political rhetoric of removing Gadhafi from power with the [allocation of sufficient military force and resources to the country](#) (likely meaning contingents of ground troops). Supplemented by sufficient ground combat strength, airpower can be an impressive force multiplier. NATO airstrikes did destroy most of Gadhafi's armor, artillery and command-and-control infrastructure. But by itself, airpower cannot be decisive in this sort of scenario -- as was shown by months of its application against Gadhafi. Meanwhile, even with an enormous influx of training and supplies, the rebel force was incapable of imposing a military reality, and with the inherent inability of airpower to do so, the war was destined to -- and did -- quickly stall.

Gadhafi was well prepared to sustain attacks from Western airpower, having survived the air campaign of Operation El Dorado Canyon in 1986. Airstrikes have long been a mainstay of U.S. strategy, and if Gadhafi did not know this before El Dorado Canyon, he certainly understood it after.

Special Operations Forces and Information Operations

Though the accuracy of precision-guided munitions has advanced significantly in recent years, target designation has long been the purview of forward air controllers. Particularly in circumstances where hostile targets are to be found in built-up urban areas close to civilian and friendly forces and remain indistinct from them, teams on the ground remain essential to striking the intended targets and minimizing civilian and friendly casualties and collateral damage.

The clandestine insertion of special operations teams trained for this task is thus in keeping with U.S. strategy (and by extension, the strategy of NATO's most powerful military members, which share a common doctrinal legacy from the Cold War). But these covert operatives have capabilities far beyond identifying ideal targets for airstrikes that have a decapitating role, such as the command, control and communications nodes that any dictator knows may be taken out the moment hostilities break out (and likely assume to be compromised anyway). These teams also establish situational awareness and serve in an intelligence, surveillance and reconnaissance role. They can identify and make contact with elements of the population hostile to the adversary, establish relationships with these groups and prepare them to play an appropriate role as the tactical situation dictates. They can also attack critical targets at decisive moments to throw the adversary further off balance. At the same time, when they determine the decisive moment has arrived, these operatives can also bring the opposition forces they have cultivated to bear against the enemy.

But special operations forces by their very nature are elite, small and extraordinarily limited in how much they can take on at once. They cannot seize, much less hold, a major target of any size -- certainly not an urban center. Just as break-contact procedures dictate that a special operations team make so much noise and commotion that the adversary that happened upon it assumes it stumbled into a company of 200 men and not a 12-man team, information operations are initiated to maximize the perception and psychological impact of special operations. They do not defeat the enemy directly, but they are intended to convince the adversary that he has lost. (Feedback from this effort can often reverberate into the global media as actual effects.)

Only then are rebel fighters from outside the city introduced. These outsiders are guided to the resistance movements within the city with the intent of creating a force of sufficient size to consolidate the gains achieved by the special operations forces and information operation efforts and to reinforce the adversary's perceptions already cultivated by previous efforts. The goal is to prepare the ground in a given location, use highly trained Western forces and the airpower directed by them to smash into the city, and then occupy it with rebel forces covertly directed by teams already in the city.

With the exception of special cases like the early phases of operations in Afghanistan in late 2001 (where the United States desperately needed to demonstrate it was executing a strong and decisive response to the 9/11 attacks) and the killing of Osama bin Laden (a highly symbolic act), Western military doctrine is not to discuss or claim victory for special operations forces. There are two reasons for this. The first is that it is often politically important that domestic forces appear to have achieved victory; allowing other perceptions could politically delegitimize the group Western powers intended to assist. The second is that the special operations forces have to be withdrawn quietly and safely -- as the political explanation of results on the battlefield often begins while those forces are still in harm's

way. Meanwhile, the manner of their deployment and extraction, the sources on the ground on which they relied and their tactics, techniques and practices in the field are valuable information to be protected both in the event they have to re-enter the city and for operations elsewhere in the world.

These forces, by their nature and by their training, are unknown and unseen. They choose areas of operation carefully, away from observers who might report what they see to entities capable of interpreting them for what they are. This is the art of special operations and is essential for operational security in an inherently perilous environment. This is not only an American phenomenon (though U.S. special operations forces are said to be operating in nearly a third of the countries in the world) but also a defining characteristic of French operatives (particularly in Africa) and British teams. Multiple countries, including the United Kingdom and Italy, have openly admitted at this point that they have special operations teams on the ground in Libya, though they have gone out of their way to emphasize their small size and downplay their accomplishments -- seeking to emphasize that they played at most a small role in victory.

All military organizations have training and doctrines. It is very difficult to do things that you are not trained to do and to abandon doctrines that are successful. As rebel efforts in eastern Libya proved, wars are not won by untrained enthusiasts. NATO's goal, and the goal of the resistance it supports in Libya, is to crush loyalist opposition before it becomes apparent that Gadhafi's capitulation is not inevitable -- sufficient military force has not been allocated to impose defeat. Also, as there are limits on the patience of the domestic populations of the NATO allies participating in the campaign, these loyalists must be defeated before a crisis emerges within the NATO command that makes negotiations with Gadhafi necessary.

Gadhafi's Response

As demonstrated by the perseverance of loyalist forces in the months following the NATO air campaign, Gadhafi's forces retained considerable freedom of action, unit cohesion and will to fight. This is merely further evidence of the fact that Gadhafi understood and planned for the Western way of war laid out above. After all, one can anticipate how to respond to a known potential adversary with a known doctrine. Whether he anticipated the beginning of the air campaign in March, it was exactly the sort of attack Gadhafi had already experienced in 1986 and had no doubt prepared for in the years since (though this round has been far longer and more intense and eventually came to include the explicit goal of regime change). Intelligence and counterintelligence efforts of his own -- no doubt already focused on opposition groups -- would entail continuing to monitor centers of resistance while trying to track down foreign covert operatives.

Gadhafi could have pushed for a crisis within NATO by attempting a bloody, drawn-out fight for Tripoli, but in doing so he would also run the risk of being pinned down, trapped and ultimately forced to capitulate or fight to the death. Though the status of Gadhafi, his remaining relatives and the strength and unity of his remaining forces is unknown, his alternative would be to leave Tripoli before that force is able to mass, declining combat (much as the [Taliban declined combat on American terms in Kabul in 2001](#)) and conserving his remaining strength, even as fighting continues in Tripoli and some cities remain in loyalist hands. Meanwhile, Gadhafi will likely initiate counterinformation operations to combat and reverse the perceptions NATO and the rebels have tried to create to undermine the regime. At the same time, the tactics of Gadhafi's forces will likely shift to falling back to prepared positions in order to continue the resistance.

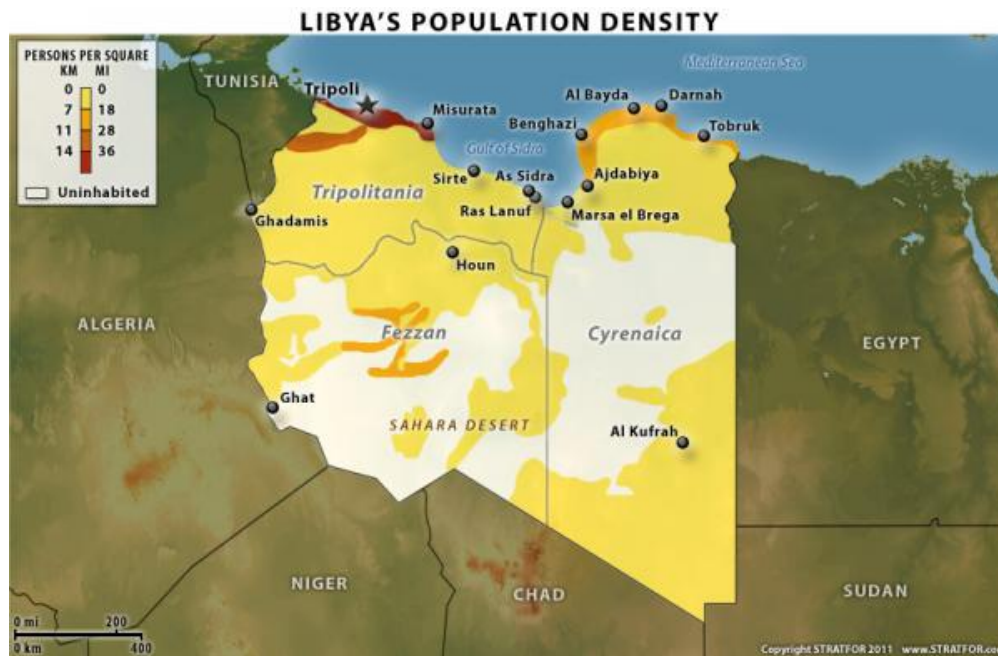
Searching for an Endgame

The question moving forward will be the nature and strength of loyalist resistance. A negotiated settlement will be difficult while fighting continues. Meanwhile, the persistence of active fighting and Gadhafi continuing to hold out and remain at large prevent NATO from ending the conflict. And with the rebel seizure of many parts of Tripoli, the potential exists for Gadhafi and his forces to fall back and initiate a more sustained, decentralized guerrilla resistance from prepared positions.

Perhaps more important, Gadhafi has freed himself of the costs and challenges of securing and controlling Tripoli, which are now the responsibility of NATO and the rebels. The logistical and security challenges of feeding and controlling a metropolitan area are enormous and without a sizable contingent of conventional foreign troops, the city will remain poorly secured and vulnerable to loyalist cells conducting raids and other attacks inside the city. Gadhafi may indeed be on the run, but that hardly necessarily means that victory is at hand for NATO and the rebels.

Population Density in Libya

March 8, 2011 | 2234 GMT



[View Full-size Graphic](#)

Analysis

As the Libyan crisis enters its third week, the forces loyal to Libyan leader Moammar Gadhafi and those affiliated with the newly created National Libyan Council in eastern Libya remain in stalemate. Though the line of control continues to shift back and forth near the oil export facilities around the town of Ras Lanuf, neither side seems capable of pushing through and defeating the other. The opposition has proposed a no-fly zone as a potential solution. The main problem for the countries being asked to implement one (the United States, France, the United Kingdom and Italy would be the main candidates), is that a no-fly zone would not do much to shift the military balance in the rebels' favor. Gadhafi's strength does not lie in the Libyan air force (it is in his conventional military), and the rebels do not appear capable of making any armored push across the desert first to Sirte, and then Tripoli, even were all the fixed-wing aircraft prevented from flight. There are other risks involved in implementing a no-fly zone, which would require first the bombing of Libyan military installations. Hidden anti-aircraft installations or surface-to-air missile sites could down foreign planes, collateral damage could create a public relations incident, and the situation could escalate to the point where getting out would become harder than initially conceived. This, of course, is to say nothing about the potential for unintentionally aiding a rebel force about which the international community knows little, other than the fact that the rebels are predominantly from eastern Libya and oppose Gadhafi's continued rule.

Portfolio: China's Stake in the Middle East Unrest

March 10, 2011 | 1511 GMT

Vice President of Strategic Intelligence Rodger Baker examines stresses on the Chinese state and the possible implications of rising energy prices due to unrest in North Africa and the Middle East.

Editor's Note: *Transcripts are generated using speech-recognition technology. Therefore, STRATFOR cannot guarantee their complete accuracy.*

The Chinese have deployed a vice foreign minister to the Middle East, North Africa and West Africa to assess the security of Chinese energy assets there. Beijing is growing increasingly concerned by the unrest sweeping through the Middle East and the potential impact that will have -- not only on oil prices but potentially on Chinese social stability.

Although the fifth-largest oil producer in the world, the Chinese are a major importer of oil as well, consuming more than twice as much as they produce themselves. In 2010, the percent of Chinese oil consumption that they had to import from abroad grew by an additional 50 percent. A large quantity of this oil comes from North Africa and the Middle East and from countries that are considered politically unstable. China currently gets about 3-3.5 percent of its oil from Libya. It's increased its investment more than 25 percent in 2010 and, as we've seen, the Chinese have placed a lot of interest in the future of Libya as a supplier. The Chinese have had to work out the evacuation of more than 30,000 Chinese from the country.

What Beijing is trying to do is to determine both how long energy prices are going to stay high due to the unrest in the Middle East and whether there's going to be a lasting impact on places that China has been able to sync their own investments in -- gain access to more resources themselves.

One of the major issues for Beijing now is that, as energy prices rise, it has a compounding impact on the inflation problem that's already raging in China. Chinese inflation in 2010 came in at about 3.3 percent. For this year, it's estimated -- prior to these crises -- at reaching 4 or 5 percent. Those are the official figures -- by many accounts, those figures are far below reality. The real number should be 6-7 percentage points higher. Inflation has long been a problem for the Chinese and during periods of extreme inflationary jumps, China has faced significant social challenges as well.

Since the economic opening in 1979, China has had three major spikes in inflation: one in 1985, one in 1988-89 and one between 1993 and 1996. In 1985, inflation ran around 10 percent and the Chinese managed to hold things together socially. In 1988-89, the rising inflation contributed to what ultimately became the Tiananmen Square incident. In 1993-96, Chinese inflation was rapidly rising on the back of the rest of expansion in East Asia and the Chinese really were saved by the collapse of the rest of Asia where Beijing could rein in, it could hold things down domestically and then it could start to grab the export share that had fallen away from many of the Asian economic tigers.

As China watches the unrest in North Africa, they're also looking cautiously at the so-called "Jasmine" revolution that's just in its early stages in China. Thus far we haven't seen very large numbers of demonstrators, but the Chinese security apparatus response suggests that they may be even more concerned about this than perhaps what people see from the outside.

For Beijing, several things come together right now that make this a particularly difficult period. One, you have the higher energy prices coming on top of inflation that already exists. Two, you have this attempt at public demonstrations that spread not only geographically but across socio-economic classes. Three, you have a change in communication strategies where information is able to move faster, its finding ways to circumvent Chinese censorship and it's drying out people who have very different grievances. The fourth is that China is in a very different stage of its development right now. There really has become a growing middle class, there has been higher expectations given to the Chinese over the past few years -- the government to deal with the economic crisis has tried to push domestic consumption, has done so by subsidizing, by giving rebates, by funding, and people are coming to expect more and expect more. These factors are combining at a time where Beijing is also focusing very heavily on the transfer of leadership from Hu Jintao to his successor.

At times like these, social stability becomes a top priority for the government. They want things to hold steady so they can carry out the political transition without any significant problems or impact. STRATFOR is watching very closely how the Chinese manage these different issues as they come at them very quickly. The Chinese government is not known for being able to move very rapidly, particularly at a time like this when they are undergoing a political transition and they're working up a balance between the various political factions.

Portfolio: Economic Stakes in Libya's Crisis

February 23, 2011 | 2142 GMT

Vice President of Analysis Peter Zeihan examines Libya's current crisis and the possibility of an east-west civil war from the perspective of energy and economics.

Editor's Note: *Transcripts are generated using speech-recognition technology. Therefore, STRATFOR cannot guarantee their complete accuracy.*

Geographically, Libya is a peculiar entity. Everyone thinks of it as a relatively constrained place, but it's not. Most of the population -- over 90% of it -- lives very close to the shore, but the coastline is stretched out 1800 kilometers. So you've got basically a long, thin ribbon of a state. In the era before oil, is made development as we now know it basically a non-option. So the country has always been split between west and east with a big gap in the middle. Even in the modern day it wasn't until the 90s and that the Libyans really started the first road network -- and by network, I really mean one road going up the coast from east to west. Add in the fact that is mostly desert, it's a very thin population, 6.5 million people. As such, the idea of an independent Libya is something that is unique to the 20th and 21st centuries and the collapse of colonialism.

Libya is a moderately sized oil producer. Its total production is about 1.8 million barrels per day. Under normal circumstances it exports approximately 1.5 million barrels per day, of that, most of which goes to Europe. The problem Libya faces is twofold. First, they only have about 6.5 million people, so they've never been able to generate a significant educational institution at home. So they've never been able to train the mass of technocrats and engineers that is necessary to maintain an oil industry of this size. As such, they're pretty much dependent on foreigners to come in, sink in the cash, drill the wells, maintain production and ultimately to the exports out. National Oil Company does maintain a sizable presence, but it's mostly an issue of resource nationalism more than any sort of technical competence. So without the foreigners, production pretty much dries up. Over the course of the last 72 hours, every major oil company that operates there has announced a steady drawdown of their staff, several have evacuated completely, and based on the best information available to date, over half the production is already completely off-line and we expect that most go off-line within the next 48 hours.

The second problem is that not all of Libya's energy in one place. It's actually sequestered between two very separate basins: one in the West, which exports from just west of Tripoli, and one in the East, which exports from a number of different facilities in the Gulf of Sirte, and then one almost on the Egyptian border. There is, for all practical purposes, a military split in the country right now between the East and the West. You have about two thirds of the population in the West, about one third in the East, separated by about 600 km of mostly empty desert. You have about two thirds of the oil in the East, about one third of the oil in the west, so you got this split in the country between the population and between the energy; there's no overlap between the two. So Gadhafi's problem is that the majority oil income is dependent upon security in the half of the country that right now he can't control.

Internationally, there are two things to keep in mind with Libya's energy. First of all, it's mostly light, sweet crude, which is in demand pretty much everywhere in the world. So as Libyan crude goes off-line, you should expect a pretty dramatic price increase in oil overall because this is some of the best stuff that's out there. Second, there's one country that is far more vulnerable to anything goes wrong in Libya than any of the others, and that is Italy and Italy's state linked energy company ENI. Right now roughly 15 to 20% of their total global portfolio in terms of oil production is in Libya, and if it's not off-line now, it will be very, very soon. Also, all the natural gas that Libya exports via pipe goes to Italy, goes to ENI, so this is a company that sees its portfolio gutted and it's seen its country probably a little annoyed that it's not a little bit better diversified.

The question in STRATFOR's mind at this point is what degree has independent political control and military control consolidated the east. We know that Benghazi, the second center of population in the East, has basically declared independence from Tripoli. But if they can spread up and down the coast to control all of the oil export facilities and if they can consolidate that, then they have a very good chance of breaking away from Gadhafi, maybe even starving him of money because that's the majority of the oil revenues. So if Benghazi can expand down into the Gulf of Sirte and down to the city of Surt, they've got a very good shot of independence at the least -- or maybe even overturning him at the most -- but if they can't do that, Qaddafi in time will be able to pressure them.

Red Alert: Libyan Forces Approach Benghazi

March 19, 2011 | 1614 GMT

Forces loyal to Libyan leader Moammar Gadhafi began to approach the eastern rebel capital of Benghazi on March 19, with the BBC reporting that loyalist armor already is inside the city, though this may have been only a reconnaissance element. Soon after these reports, word of impending international military operations against Gadhafi's forces began to emerge, with French and Italian aircraft reportedly beginning to conduct combat air patrols.

Though [Gadhafi declared a unilateral cease-fire](#) in response to the [U.N. Security Council's \(UNSC\) authorization of the use of force against Libya](#) on March 17, it is becoming apparent that this was simply a stalling tactic in an attempt to [consolidate gains](#) ahead of airstrikes. The military incentive for Gadhafi is to reach Benghazi before any airstrikes begin. If a ["no-drive" zone between Ajdabiya and Benghazi were to come into effect](#), military vehicles and supply convoys would be vulnerable to any coalition aircraft orbiting overhead, making it far more difficult for Gadhafi to project force across the large open terrain that separates the two cities. Airpower can also make it difficult to move and resupply forces, so the heavier elements of Gadhafi's forces -- tanks, tracked vehicles and artillery -- already operating at the end of extended lines of supply, may quickly face logistical issues. However, while airpower can attempt to prevent forces from approaching the city, it cannot force the withdrawal of those forces from within the city without [risking significant civilian casualties](#).

(click here to enlarge image)

Relevant political negotiations and military planning now taking place in Europe continue, and more time is needed to mass forces for the impending air campaign against Libya. Nevertheless, if the European-led effort is to stop Gadhafi from reaching Benghazi, it will have to begin soon, with what forces have so far been moved into place -- though, given Libya's distance from mainland Europe and the presence of U.S. Marine Corps, Italian Harriers and cruise missile-armed warships off the coast, there already is a considerable amount of coalition airpower in place.

As nightfall approaches, loyalist forces with little night-vision capability may slow operations, and any air campaign against them will likely begin under the cover of darkness, consistent with longstanding U.S. and NATO operational practice. Targets are prioritized, so available airpower will begin to work down the list with the suppression of enemy air defenses as well as command, control and communications likely to be at or near the top of the list, though SA-7 man-portable air-defense systems and anti-aircraft artillery will remain a persistent threat.

Rules of engagement will be an important question. While Gadhafi's forces have been led by a vanguard of T-72 main battle tanks and supported by BM-21 rocket artillery, his infantry is often videotaped using civilian vehicles for transportation. While the intention will likely be to stop all traffic between Ajdabiya and Benghazi, whether coalition aircraft are willing to fire on civilian vehicles remains to be seen. If so, they risk considerable civilian casualties. If not, they may deny the use of tanks and artillery but risk not stopping Gadhafi's infantry.

The use of airpower has been authorized, forces are being massed, and Gadhafi appears to be acting as though its use is inevitable and so is moving while he can. However, [the application of airpower entails civilian casualties](#), and it remains unclear if that application can be translated into the achievement of political objectives in Libya. So while there are many tactical questions moving forward, there is only one strategic one: How has the European-led coalition translated the UNSC authorization into military objectives, and what are the operational parameters and rules of engagement that govern them?

Sanctions Removal No Panacea for Tripoli

August 20, 2003 | 1852 GMT

Summary

With a deal to suspend U.N. sanctions against Libya now on the table, the large North African oil producer is on the cusp of a new period of expanded international investment. But the time it takes for sanctions to be lifted completely will slow the drive by foreign oil companies -- particularly those based in the United States -- to enter the Libyan market.

Analysis

U.N. Security Council members Britain and Bulgaria submitted a resolution late Aug. 18 that calls for the immediate removal of diplomatic and economic United Nations sanctions against Libya. The resolution follows an Aug. 15 letter to the Security Council in which the Libyan government officially took responsibility for the bombing of Pan Am Flight 103 over Lockerbie, Scotland, in 1988.

Tripoli also has agreed to a deal with the United States and Britain to establish a \$2.7 billion victims' compensation fund, with money to be released as U.N. and then U.S. sanctions fall away. The resolution welcomes that deal and notes that Tripoli has officially renounced support for terrorist groups.

The resolution is a crucial step in a long campaign by Libyan leader Moammar Gadhafi to resurrect the country's international image. This public relations gambit is driven primarily by geopolitical concerns: Gadhafi, a great survivalist, is hemmed in by two potential threats -- a more aggressive post-Sept. 11 United States on one side and the threat of militant Islam on the other. This has led Gadhafi to a strategy that seeks to resurrect Libya's international image while simultaneously trying to [radically reform the state-run economy](#) through privatization and access to foreign investment -- starting with the petroleum sector. These reforms have become a priority for regime survival in a complicated world.

Gadhafi is in no mood to repeat the military confrontations with the United States that took place in the 1980s. Simply put, Libya has no interest in being Syria or Iran, let alone Iraq. A kinder, gentler face from Tripoli will help to keep the country off the U.S. blacklist, as will economic reforms that increase Western powers' access to and interest in the oil-rich country.

Gadhafi also has to worry about al Qaeda and the threat of militant Islamists, who are no fans of the secular military leader. A stronger economy may help Gadhafi to fend off a potential domestic threat that feeds on poverty, large numbers of disenfranchised youth and unemployment. After decades of economic mediocrity under a state-run system, Gadhafi likely calculates that the quickest road to strengthening the economy -- and keeping constituents happy -- will come through attracting foreign capital. Coincidentally, this also would enrich Gadhafi and his allies -- another fine motivator.

The petroleum sector is the linchpin in this strategy. Foreign oil companies -- and oil-consuming countries -- salivate at the prospect of vast new investments being sunk into Libya, particularly considering the dearth of funding for new development since the sector's nationalization in 1969 and the financial drought that followed the imposition of international sanctions. Libya ranks first in Africa and eighth in the world (ahead of Mexico, China and the United States) in total oil reserves, which are estimated at around 29.5 billion barrels. And currently only about 25 percent of Libya's land area is covered by agreements with oil companies, according to the U.S. Energy Information Administration (EIA). Libya also has large reserves of natural gas -- mostly unexploited -- with estimates ranging from 50 trillion to 70 trillion cubic feet.

Libya is extremely dependent on oil, which accounts for about 95 percent of hard currency earnings and 75 percent of government revenue -- rendering the country highly vulnerable to swings in global oil prices. Tripoli hopes to attract around \$10 billion in foreign investment to expand capacity from the current 1.4 million barrels per day to 2 million bpd within five years.

In addition to isolating Libya, international sanctions have harshly curtailed foreign investment and hampered delivery of vital parts and equipment to the energy sector. Even suspended sanctions, like those from the U.N. and European Union, create a cloud of irrespectability and uncertainty that hurts investment. This is particularly true in the oil sector, where companies demand a certain degree of long-term stability in order to recuperate large investments in exploration and development. The lifting of sanctions would be an important step in attempts to open Libya to foreign oil companies.

Libya: A Suspended Sentence?

The first step in ending international sanctions is the U.N. Security Council resolution introduced by Britain and Bulgaria, which is scheduled for a vote sometime this week. But there could be a hitch: In light of the huge Lockerbie settlement, France is looking to renegotiate its own \$33 million victims' compensation deal for the families of victims of UTA Flight 772, which was blown up over North Africa in 1989. As a result, Paris has threatened a veto.

Resolutions are not vetoed lightly, and Paris might decide against using such a powerful tool on an issue of relatively minor importance, both in terms of geopolitics and considering it would be doing so for the benefit of a frightfully small domestic constituency. A source close to the French intelligence community tells STRATFOR that even though the head of the UTA victims' association opposes lifting sanctions, he also opposes the use of a French veto in the Security Council. Then again, this is France. These kinds of threats are hard to back down from and [Paris might have its own reasons](#) for keeping Libya in its box.

With a vote scheduled for as early as Aug. 20, France's position will become clear soon enough. If the British resolution passes, U.N. sanctions could fall away 90 days after the Security Council determines Libya has met all necessary conditions. But that is just the first step: The real question is what happens next with regard to U.S. sanctions. That will more fundamentally impact Libya's ability to expand oil production capacity significantly.

The near-term impact of lifting U.N. sanctions will be marginal for Libya -- European firms like Germany's RWE and Austria's OMV are already active there, and the positive steps in Tripoli and at the United Nations will accelerate European companies' drive into Libya.

Once U.N. sanctions are lifted, there should be a measurable increase in activity by foreign oil companies, with the deepest commitments from European companies like Italy's ENI-Agip and Spain's Repsol. Both have deep pockets and are already invested in Libya. ENI-Agip is Libya's largest foreign investor, has been in the country since 1959 and will be helped by the close relationship between Rome and Tripoli.

The more important question concerns the U.S. sanctions, which are still active under the Iran-Libya Sanctions Act (ILSA). Abolishing them will require both White House and congressional approval, which complicates removal -- particularly around election time. Even though U.S. sanctions must be dropped in order for the Lockerbie victims' families to be fully compensated, the White House has made it abundantly clear that it plans to maintain sanctions against Libya even after U.N. measures are lifted.

Following Tripoli's "mea culpa" letter to the U.N., U.S. Secretary of State Colin Powell said the United States still has serious concerns about the government and will take a wait-and-see approach to any decision on sanctions. The White House will be waiting for at least two things: first, evidence that Ghaddafi's change of heart results in concrete changes -- particularly cooperation in intelligence gathering, and second, to see if Libya's economic reform ambitions are indeed authentic.

By maintaining sanctions, Washington will force Ghaddafi to deliver on both counts. And if he does, sanctions could begin to fall incrementally, though major movement is unlikely until after U.S. presidential elections in 2004. Now the onus will fall on Ghaddafi to turn his words into action, and reforming the staid Libyan economy promises to be a particularly challenging task.

Delays in the repeal of U.S. sanctions will be a worry to U.S. supermajors like ExxonMobil -- which withdrew from Libya in 1982 -- and ChevronTexaco, which would like to get into the Libya sweepstakes. Smaller U.S. companies -- like Occidental, Amerada Hess and Marathon, as well as ConocoPhillips -- would like to reclaim assets in Libya they have continued to hold under stand-still agreements dating back to 1986.

U.S. companies no doubt will fall behind their European competitors, but not nearly as far behind as they now lag in Iran. Most of the infrastructure in Libya is of American manufacture and installment, which should give U.S. companies a leg up in the long run at existing production sites. U.S. firms hold all the technical data on the fields, and production has stagnated since U.S. sanctions were first imposed in 1986. In the natural gas sector, according to the EIA, one liquefied natural gas plant could increase its capacity by a factor of three if U.S. parts are installed.

With the tide already turning on international sanctions against Libya, U.S. companies likely will make more active attempts to work around ILSA in the near future. Likewise, the Bush administration probably will temper its prohibitions against U.S. corporate forays into Libya -- especially concerning companies with stand-still agreements -- so long as these do not result in major development contracts. The State Department allowed executives from Conoco, Hess and Marathon to inspect their abandoned assets in Libya back in 1999; such trips now will become more frequent, and lengthier.

That should leave more room for U.S. oil companies to begin re-establishing contacts, providing technical assistance to Libyan firms and engaging in some seismic testing. All the while, the corporations will intensify the lobbying effort on Capitol Hill to drop the "L" from ILSA.

Geopolitical Diary

Analysis of the Key
Event of the Day

Saudi Arabia and the Context of Regional Unrest

February 25, 2011 | 0305 GMT

On Thursday, much of the global media remained fixated on the continuing turmoil in Libya, but STRATFOR's attention was drawn to Saudi Arabia. According to a DPA report, a Saudi youth group called for a peaceful demonstration on Friday in the kingdom's western Red Sea port city of Jeddah, in an expression of solidarity with anti-government protesters in Libya. The group, calling itself Jeddah Youth for Change, distributed a printed statement throughout Riyadh asking people to demonstrate near the al-Beia Roundabout and vowed not to give up its right to demonstrate peacefully.

Ever since the mass risings spread from Tunisia to other parts of the Arab world, the key question has been whether or not the Saudi kingdom could experience similar unrest. The reason why this question is posed is two-fold: 1) The country is the world's largest exporter of crude, and any unrest there could have massive ramifications for the world's energy supply; and, 2) The Saudi socio-political culture is such that public demonstrations have been an extremely rare occurrence.

Riyadh's actions since the ouster of the Tunisian and Egyptian presidents show its grave concern that the regional unrest could spread to Saudi Arabia. Domestically, the Saudi state announced a new \$11 billion social welfare package. Regionally, the Saudis have been working hard to ensure that the protests in bordering countries do not destabilize those states (particularly Bahrain and Yemen), which could have a spillover effect into the kingdom.

The Saudis will have to balance between the need to sustain old relationships such as those with the ulema class and new ones with the Shiite minority and liberal segments of society.

Since the establishment of their first polity in 1744, the Saudis have demonstrated remarkable resilience and skill in dealing with challenges to their authority. They have weathered a litany of problems in their nearly 270-year history. These include a collapse of their state in the face of external aggression on two occasions (1818 and 1891), feuds within the royal family leading to the abdication of a monarch (1964), the assassination of a second at the hands of a nephew (1975), challenges from the country's highly influential and expansive ulema class (1960s and 1990s), and rebellions mounted by religious militants on three occasions (1929, 1979 and 2003-04).

The unique nature of the Saudi state and its shared religious and cultural norms in part explain its ability to deal with such threats. Unlike many authoritarian Arab countries, the Saudi state is not detached from the average man; instead, it is very much rooted in the masses. The House of Saud is not the typical elite royal family; on the contrary, it is connected to the entire tribal landscape of the country through marriages.

In addition to the tribal social organization, there is a considerable degree of homogeneity of religious and cultural values. The historical relationship between the House of Saud and the Wahhabi religious establishment has proven effective in sustaining the legitimacy of the regime. Reinforcing all these bonds is the country's oil wealth.

This arrangement has served the Saudis well for a very long time. But it now appears that they have reached a significant impasse -- for a number of reasons.

First, the kingdom is due for a major leadership change considering that the king and the top three princes are extremely old and could die in fairly quick succession. Second is the rise of the kingdom's archrival, Iran, and its Arab Shiite allies (in Iraq, Lebanon and now Bahrain), which represents the biggest external threat to the kingdom. Third, the regional wave of popular unrest, demanding that the region's autocratic regimes make room for democracy, is something the Saudis have not had to deal with thus far.

The configuration of the Saudi state and society will likely serve as an arrestor to serious unrest. This means Saudi Arabia is unlikely to be immediately overwhelmed by protests, as has been the case with Tunisia, Egypt, Libya and Bahrain. But the kingdom is unlikely to contain such pressures for long, especially as a new generation of leaders assumes the mantle.

The future rulers will likely build upon the cautious reforms that have been spearheaded by King Abdullah in recent years. But in the

emerging regional climate, it will be difficult to manage the pace and direction of reforms. The Saudis will have to balance between the need to sustain old relationships such as those with the ulema class and new ones with the Shiite minority and liberal segments of society.

Saudi Arabia's Domestic and Foreign Challenges

February 24, 2011 | 1313 GMT

Summary

Saudi Arabia's king has announced increased spending on social welfare. While not significant from an economic perspective, the announcement shows that Riyadh takes its domestic and foreign challenges seriously. On the domestic front, these include an impending power transition and fallout over political reform. The foreign fears comprise concerns that unrest besetting Bahrain, Libya and Yemen will strike Saudi Arabia, too.



-/AFP/Getty Images

Analysis

Saudi King Abdullah announced Feb. 23 that Saudi Arabia would increase spending on housing by \$10.7 billion and will raise its social security budget by \$260 million. King Abdullah also reportedly ordered the creation of 1,200 more jobs in supervision programs and a 15 percent cost-of-living allowance for government employees. The announcement came the same day King Abdullah arrived in Riyadh following medical treatment in the United States and subsequent rehabilitation in Morocco.

The announcement is not terribly significant in economic terms compared with the \$384 billion spending plan announced in August 2010. It does, however, send a clear signal that Riyadh takes the political risks of possible social unrest seriously in light of the unrest in the Middle East and North Africa.

Domestic Concerns

The Saudis have been grappling with their own domestic challenges since before the recent wave of regional unrest. High among these is an impending power transfer, which cannot be far off given the advanced age of the current Saudi leadership. The newly formed Allegiance Council made up of King Abdullah's sons and grandsons, which is supposed to manage the succession, is an untested institution.

Another concern involves potential fallout from debate over political reform, which could anger the ulema, or religious establishment, and its supporters among the royal family. Prince Talal bin Abdul-Aziz's call for political reform to avoid the kinds of protests in other countries in the region, along with calls by a minor Facebook group for March 11 demonstrations against the regime, are liable to get the religious establishment riled up.

Thus far, Saudi royals have been able to strike a careful balancing act between pushing social reforms and not angering the ulema. But regional unrest is likely to spur the Saudi regime to introducing more social and economic reforms at a time when the pending succession could weaken the royal family's ability to deal with the backlash.

Foreign Concerns

In addition to internal problems, Saudi Arabia has genuine fears that regional unrest could spread to the kingdom. The Saudis have taken comfort that the unrest has not yet resulted in regime change. But as regime change is becoming a distinct possibility in Libya and unrest continues in Bahrain and Yemen, this comfort is diminishing.

Bahrain is of particular concern to Riyadh. The current Shiite unrest in the island kingdom has continued since Feb. 13. Even though the Bahraini regime seems to be gradually reducing the unrest by offering talks with the opposition and making other concessions, such as the release of Shiite political prisoners, Saudi Arabia is extremely concerned about emboldened Shiite political activity on its eastern flank -- and thus increased Iranian influence in both Bahrain and the Persian Gulf. The Saudis fear that Iran, which already has asserted itself in both Lebanon and Iraq, where governments that are likely to give considerable sway to Iran are in the process of being formed, could use its leverage with Bahrain's Shiite majority to change the balance of power in the Persian Gulf region. This would be a direct threat to the kingdom due to Saudi Arabia's Shiite minority, which comprises 20 percent of the Saudi population and is concentrated in

the oil-rich northeastern region of the country near Bahrain. In light of this fact, it is unsurprising that Bahraini King Hamad bin Isa al-Khalifa went to Saudi Arabia on Feb. 23 to meet with Saudi King Abdullah.

The turmoil in Libya, meanwhile, concerns Saudi Arabia because Libyan leader Moammar Gadhafi has based Libya's political and social system on familial and tribal links along Saudi lines. With the Libyan regime losing control of the eastern part of the country and in a fight for survival, previously loyal tribes are defecting. Tribal defections in Libya are a reminder to Saudi Arabia of the importance of tribal support in sustaining the regime. Unlike many of the North African states, Saudi Arabia has ample ability to keep its tribes content via petrodollars, though Libya, too, had petrodollars.

At the same time, ongoing unrest in Saudi Arabia's southern neighbor does not seem to be decreasing even though Yemeni President Ali Abdullah Saleh announced that he would not seek re-election in 2013 and that a national unity government should be formed instead. Like Saudi Arabia, Yemen is ultimately a tribal society, once more reminding Riyadh of its vulnerabilities. The Saudis also remember that Yemen has served as the staging ground for al Qaeda in the Arabian Peninsula for attempted attacks in Saudi Arabia. Moreover, Yemen's al-Houthi rebels, against whom the Saudis fought not too long ago -- and who have Iranian links -- could try to take advantage of the situation and spill over into the southwestern Saudi city of Najran, near the Yemeni border, where a significant Ismaili population lives.

Calls for political reform in the region thus hurt the Saudis in three main ways: They come at a bad time given the pending transition; they could upset the delicate balance between the royals and the ulema; and Saudi Arabia's Shia are likely to be empowered by any moves to reform the system.

Special Report: Libyan Involvement in Africa

March 14, 2011 | 1209 GMT

Libyan leader Moammar Gadhafi has pursued an aggressive foreign policy of Pan-African integration and the cultivation of Libyan regional dominance during the latter half of his 42 years in power. Consequently, Libya's financial influence can be traced throughout Africa, raising the question of whether Gadhafi's potential exit might have any destabilizing effect on the continent.

At the end of the 1990s, Gadhafi established economic ties with many of the countries and groups he previously had backed politically. Through a series of investment vehicles funded by the country's petroleum revenues, the Libyan state systematically developed an extensive network of financial holdings designed to generate a return on investment and to protect Libyan interests in strategic regions.



MAHMUD TURKIA/AFP/Getty Images

By 2002, subsidiaries of the country's sovereign wealth fund, the Libyan Investment Authority (LIA), had accumulated or extended investments in at least 31 countries throughout Africa. The largest investments were in Zambian telecommunications firm Zamtel (\$394 million) and in oil storage and pipeline infrastructure linking Moanda to Matadi in the Democratic Republic of the Congo (around \$300 million). The majority of stakes were significantly smaller, however. These investments came on top of an existing network of commercial banking subsidiaries established largely to manage the supply of ongoing petroleum exports from Libya.

Despite this, Libyan aid and investment does not appear to pose a concentration risk to any African government. The freeze on Libyan state investments does mean that subsidiary companies may struggle to access the working capital needed to maintain operations. But overall, Libya has spread its aid and investment too thin to create a risk of destabilization in potential client states. This is particularly true outside of the broader Sahel region. In the Sahel, where Gadhafi has long had strong influence, the retreat of Libya as a prominent regional actor may influence the regional balance to some degree. Despite this, competition for energy and mining resources should ensure that other states, potentially China, will support incumbent governments that find themselves in dire straits.

There are non-state groups for whom Gadhafi's potential demise may pose problems, however. In addition to his investments, Gadhafi also supported various African paramilitary and insurgent groups. The remains of his Islamic Legion, a paramilitary force of foreign soldiers set up in the 1970s, still gives him access to rebel groups across the region even where his policy of backing incumbent governments in pursuit of Pan-African integration has served to reduce his leverage.

In Sudan, Libyan support for Darfuri rebel group the Justice and Equality Movement (JEM) is believed to be significant. In the event of Gadhafi's fall, the group may struggle to assert itself and remain intact unless it can diversify its funding base. Similarly, Gadhafi has long supported greater autonomy for the Tuareg people in Niger and Mali. He has backed Tuareg insurgencies in the past, at the same time helping to prevent the tribes from falling completely under the influence of al Qaeda in the Islamic Maghreb (AQIM). The end of support for these groups and the [potential disbursement of Libyan military hardware to the region](#) constitute the most apparent risks to regional stability at this point.

Gadhafi's vehicle for distributing funds to foreign entities is the LIA, which funds a number of investment vehicles, including the Libyan Arab Foreign Bank (LAFB), the Libyan African Portfolio for Investments (LAP), Tamoil and African subsidiary the Libyan Arab African Investment Co. (LAAICO). Believed to be capitalized with approximately \$65 billion, the LIA's portfolio includes holdings in at least 31 African countries along with extensive U.S. and European holdings. A leaked U.S. diplomatic cable from 2010 revealed that some \$32 billion in liquidity was being managed from the United States, while the scale of investment in Africa is believed to be in the region of \$5 billion with \$2.5 billion in LAAICO and the rest spread between LAFB and Tamoil's African operations under the OiLibya brand.

Within these holding companies, the combination of cross-border banking licenses and locally based concerns enables the movement of funds around the globe. Despite professing developmental aims, the investment strategy employed in Africa suggests a broader underlying motive. The geographically diversified illiquid holdings, largely concentrated in the real estate and banking sectors, are generally not tied to labor-intensive operations, and have focused on privatized state assets and joint ventures with other governments. This indicates that Gadhafi has sought to strengthen political relationships and to bring these countries into his sphere of influence via investments in state assets undergoing privatization.

Sudan

In reaction to Egyptian President Anwar Sadat's peace deal with Israel after the Yom Kippur War of 1973 and the support shown by Sudan for these measures, Gadhafi supported Darfuri rebels in their insurgency against Khartoum. After Sudan's 1989 coup brought Omar al Bashir to power, relations began to normalize to the extent that Sudan is now reported to be Libya's largest debtor, owing Tripoli as much as \$1.29 billion. Sudan's total public debt stands at more than 100 percent of GDP, with pressure for full forgiveness mounting ahead of Southern Sudan's secession. The Libyan component of this total is smaller than that of numerous other foreign creditors, however.

Gadhafi has maintained ties to the rebel groups in Darfur, reportedly arming the Justice and Equality Movement (JEM) with rifles, anti-aircraft guns and satellite phones and also supplying vehicles and fuel. In May 2010, Gadhafi allowed Khalil Ibrahim, the JEM leader, to seek refuge in Libya after the Chadian government had stopped him from entering its territory. In response, Sudan called for Gadhafi to expel Ibrahim and announced it was sealing Sudan's border with Libya when no action was taken. The border was reopened on Feb. 27, 2011, in order to receive Sudanese fleeing the conflict in Libya. While JEM remains less vital than the various Sudan Liberation Army (SLA) factions to the objective of peace in Darfur, the loss of its patron may force it to diversify its funding base. And this could lead to new participants entering the fray and further destabilization of the situation in Darfur.

Chad

Disputes over the Aouzou Strip border region caused intermittent warfare between Chad and Libya in the late 1970s through the late 1980s. Libya ultimately was defeated at the hands of the French-backed Chadian forces and withdrew, though Libya did back Idriss Deby's Patriotic Salvation Movement in its successful insurgency against the Hissene Habre government. The Deby government has been a close ally to Tripoli ever since, and Libya has been involved with almost all mediation efforts in Chad, which it sees as the keystone of its regional sphere of influence. In 2007, Gadhafi mediated the peace settlement between the government and four rebel groups, the Movement for Resistance and Change, the National Accord of Chad, and two factions of the Front for United Forces for Development and Democracy.

Apart from support for the regime, Libyan investment in Chad exists in the form of the Libyan Foreign Investment Company-Chad (100 percent LAAICO owned), a diversified holding company with light industrial and real estate interests that include a bottled water factory, a textiles business and a five-star hotel and administrative center in the Chadian capital, N'djamena. In addition, LAFB has a 50 percent stake along with the Chadian government in Banque Commerciale du Chari, the country's third-largest commercial banking operation. Libya provided \$12.5 million in seed capital to the bank, which currently has assets in the region of \$55 million.

The cornerstone of the Chadian economy is the oil industry. Tamoil has exploration rights near the northern border with Libya, but no material stake in existing operations in the south, where all of Chad's oil is pumped. China's large and growing presence in the country and competition from Taiwanese, Indian and U.S. interests means it is unlikely that Libyan withdrawal would have sustained consequences for Chad's oil revenues. Similarly, the banking sector in the country is diversified across at least six other entities that engage both in commercial and microlending operations. Before the influx of oil revenues, Chad is reported to have been heavily reliant on Tripoli for its budgetary needs, however the diversion of oil revenues toward government coffers and away from a national endowment for when Chad's oil production is exhausted -- where the money had been slated to go -- has given Deby a substantial alternative source of funding.

Niger

Long a supporter of greater autonomy for the ethnic Tuareg people in Niger and the region as a whole, Gadhafi played a major role in the Tuareg uprisings of the last decade. He prominently mediated peace settlements while simultaneously being accused of providing support to the main Nigerien rebel group, the Niger Movement for Justice (MNJ). Gadhafi's dual strategy stems from the confluence of four simultaneous desires: to focus Tuareg resentment southward away from Libya; keep the Tuareg rebels out of the AQIM sphere of influence; enhance his political prestige in the Sahel; and weaken his southern neighbors. The significant international focus brought to the region by heightened AQIM activity saw Gadhafi pursue a peaceful settlement through mediation. In 2008, Libya donated 260 tons of food aid to Niger through the Libyan Fund for Aid and Development in Africa. Meanwhile, an agreement was reached in August 2010 between the fund and the Nigerien government to capitalize a \$100 million fund to aid Niger's development.

The Libyan state had significant investment interests in Niger including a 51 percent stake in Societe Nigerienne des Telecommunications (SONITEL) and SahelCom, the former state telecommunications companies. In 2009, the government of Niger naturalized LAAICO's interest and that of Chinese firm ZTE, its operational partner, as a result of unmet obligations. LAAICO also has

real estate and construction interests in the country, specifically an administrative, commercial and residential complex in Niamey and other agricultural and land holdings. The two countries also reached an agreement in 2008 for Libya to build a \$155 million trans-Saharan railway through Niger, though work has yet to begin. Niger depends on uranium production for 30 percent of its foreign export earnings, a sector which the Libyan government has not been involved in and where French, U.S. and Chinese interest in the country is focused. Niger is also promoting energy exploration, a sector the Chinese already have a stake in.

Mali

Along with Algeria and lately the United States, Libya has provided military support, including two SIAI Marchetti reconnaissance aircraft, to the Malian government in the fight against AQIM in the country's north. As in Niger, Gadhafi played a prominent role in events surrounding the Tuareg rebellions of the last decade by both mediating and being accused of actively aiding the insurgent group the Democratic Alliance for Change (ADC) and its offshoot Alliance Tuareg Nord Mali pour le Changement (ATNMC).

Economically, the Libyan Foreign Investment Company (100 percent LAAICO-owned) has real estate and hospitality interests, which include the hotels Laico L'Amitie and Laico El Farouk in Bamako, along with a stake in the National Tobacco Company (SONATAM). LAFB also has a 96 percent stake in the Banque Commerciale du Sahel, a commercial banking operation capitalized with \$30 million set up to manage Libyan interests in Mali and one of a number of commercial banking operations in the country. Libya has also provided technical assistance in the agricultural sector, helping combat locust plagues and providing food aid to northern Mali. As with neighboring Niger, Libya plays a visible role in the economy but is not active in the major mining operations that drive the export economy and generate 80 percent of foreign currency earnings. Mali is the third-largest gold producer in Africa after South Africa and Ghana.

Mauritania

Since the 2008 coup that brought Mohamed Ould Abdel Aziz to power, Libya has canceled \$100 million of Mauritanian debt and made \$50 million available for the construction of a hospital and the University of Al-Fateh. The Libya Fund for Aid and Development has also provided developmental assistance in the form of 26 tons of food and tents for flood victims in 2009 and \$1 million in funding for the construction of schools in six regions of Mauritania in 2010.

Libyan assistance in the campaign against AQIM has also extended to Mauritania. In both the 2005 and 2008 coups, accusations of Libyan involvement have persisted. Gadhafi attempted to mediate a power-sharing agreement between the ruling junta and opposition but he was widely reportedly to have been ineffective and counterproductive in his adoption of an anti-democratic tone that caused mass walkouts.

LAFB has held a majority stake since 1972 in Chinguitty Bank, which originally was capitalized with around \$12.5 million and is a shared investment with the government in Nouakchott, representing Mauritania's sole state investment in the local banking sector. Though underdeveloped, the financial sector in Mauritania is well-diversified and comprises at least 18 commercial banks and insurance firms along with a number of microfinance institutions. The Mauritanian economy itself is based on extractive industries with the country's significant iron ore deposits and well-developed mining operations making it the seventh-largest global exporter of the commodity. Offshore oil deposits have the potential to contribute the equivalent of 25 percent of current government revenue, but are yet to be developed on any significant scale. The Libyan government's economic interests do not extend to either of these key sectors and therefore do not pose a risk to Mauritanian stability.

Central African Republic

In the Central African Republic (CAR), Gadhafi provided troops in 2001 to suppress a rebel uprising in which the CAR'S army chief of staff was shot. This followed the assassination of the Libyan ambassador to the CAR in 2000. When Francois Bozize staged a successful coup in 2002, Libya provided military support to the incumbent government of Ange-Felix Patasse, ending up on the losing side of the conflict. Since Bozize's ascent to power, however, Libya has adopted a pragmatic approach and continued to play an important role in the country. Gadhafi mediated the settlement between Bozize and the head of the Democratic Front for the Central African People (FDPC) rebel movement, Gen. Abdoulaye Miskine, in February 2007.

In addition, LAAICO has real estate and hospitality interests, specifically a luxury hotel in Bangui through the Laico Hotel Group. It also holds a 50 percent stake in the Compagnie Centrafricaine de Mines (COCAMINES), a diamond mining entity based in Bangui initiated in 2000 though no longer operational. Diamond mining is the CAR's primary export industry. Deposits are largely alluvial, making industrial exploitation of the resource difficult. Although a participant in the Kimberley Process, the dispersed, artisanal nature of diamond mining

and subsequent distribution in the country mean that implementing good governance procedures is a challenge. Lacking the capital to launch its own operations, the small ruling elite has lived off this informal network by demanding a share of the production and heavily taxing exports. This has enabled the elite to enrich themselves and to buy political loyalty through a patron-client network. Foreign participation in the sector has dwindled in recent years however due to the marginal nature of operations and political obstruction.

Burkina Faso

After 23 years in power, Blaise Compaore has developed a reputation as a regional power broker and mediator. Re-elected with more than 80 percent of the vote in November 2010, Compaore faces little notable opposition at home and is unlikely to face an immediate challenge should Gadhafi fall. The regime in Ouagadougou does enjoy political support from Libya, however, and the Libyan leader's departure may present an opportunity for Compaore to flex his muscles in the region. Whether neighboring nations will accept any moves in this regard remains to be seen. One area to observe is Burkina Faso's relationship with Mauritania, where Gadhafi's influence is said to be responsible for keeping relations amicable.

Economically, LAAICO wholly owns the Societe pour l'Investissement et Commerce (SALIC), which has an administrative, commercial and residential complex and a five-star hotel in Ouagadougou's new Ouaga 2000 district. LAFB has a 50 percent stake along with the government in Banque Commerciale du Burkina, a commercial banking operation that was initially capitalized with \$17.5 million and reportedly holds a 10 percent market share among five other commercial banks operating in the country. Burkina Faso's economy is heavily agrarian and the country lacks natural resources, meaning that foreign investment has been limited. The Libyan government's investment is therefore important as it facilitates access to Libyan petroleum products for the Burkinabe who are fuel importers, though supplies are relatively diversified.

Zimbabwe

Gadhafi and Zimbabwean President Robert Mugabe have shared a close relationship over the course of their respective decades in power. Gadhafi is reported to have provided Mugabe with more than \$500 million in oil subsidies and loans over the past 15 years, although this supply dried up in 2003. The relationship and flow of funds between the two has become strained in recent years, as Libya has lent further westward. In 2001, Mugabe signed an agreement with the Libyan government to cover its fuel import requirements up to \$360 million per year in exchange for the mortgage of Zimbabwean oil infrastructure and ongoing agricultural exports. In 2003, the deal collapsed over the value attached to mortgaged assets and the non-delivery of agreed export products. Libya is no longer a major fuel exporter to Zimbabwe, which is currently believed to rely on France, South Africa and China for its fuel requirements.

The Libya Fund for Aid and Development donated tractors and fuel to the country in 2008 after systematic land grabs had decimated agricultural output. LAFB also took a 14 percent stake (valued at \$15 million) in CBZ Bank, a ZSE-listed commercial banking operation in 2001 of which Absa, South Africa's second-largest bank, is also a shareholder. More recently, LAAICO invested in Rainbow Tourism Group, Zimbabwe's second-largest hotelier.

African Union and African Development Bank

Libya provides 15 percent of AU funding and also covers the dues of a number of smaller African countries which pleaded poverty during the financial crisis. This commitment is around \$40 million annually. Paying dues for other cash-strapped African countries is not necessarily unique to Libya, though; other aspiring African powers are believed to be doing so as well -- it is likely that Equatorial Guinean President Teodoro Obiang, who was elected chairman of the African Union in January, probably won his election with promises of cash or discounted oil deals. Libya also contributes funds to the African Development Bank, though it is not one of the top 10 shareholders in the bank. In July 2007, LAP took a 61 percent stake in the African Development Bank-backed Regional African Satellite Communications Organization Members (Rascom) project, which provides point- to multi-point telecommunications services across the continent.

Special Report: Libya's Tribal Dynamics

February 25, 2011 | 2139 GMT

Summary

Libyan leader Moammar Gadhafi's success has relied largely on his ability to manage Libya's tribes and their relations to his own. STRATFOR has examined the country's tribes, dividing them into the coastal tribes in the historical regions of Tripolitania and Cyrenaica and the desert tribes of Fezzan.

Analysis

One of the pillars of Libyan leader Moammar Gadhafi's regime is his ability to control Libya's tribes. Though he has consistently maintained ties with many smaller tribes affiliated with the other officers who formed the Revolutionary Command Council which carried out the 1969 coup that put Gadhafi in power, the foundation of his rule has been maintaining ties between his own tribe and the two largest tribes in the country. Because of the tribes' importance to Gadhafi, a grasp of Libya's tribal dynamics is important in understanding the current conflict in the country.



AMMAR ABD RABBO/AFP/Getty Images

Libya has an estimated 140 tribes, only about 30 of which are viewed as having any real significance. They live in the three historical zones that make up Libya -- regions which have only recently been grouped together as one political unit. These regions are Tripolitania, site of the capital city Tripoli on the Mediterranean coast in northwestern Libya; Cyrenaica, which touches the Mediterranean but also extends into the Sahara and serves as home to what was for a time the alternate capital of Benghazi; and Fezzan, the only region located entirely in the desert.

In an attempt to simplify an exceedingly confusing topic, STRATFOR has divided Libya's tribal groups into two overarching categories: the coastal tribes residing mostly in Tripolitania and Cyrenaica, and the interior tribes which mostly live in Fezzan. Not all of the "coastal" tribes live along the Mediterranean, but they do live within the rough vicinity of the Libyan core. The second category encompasses the tribes who reside solely in the desert interior.

(click here to enlarge image)

Most people in Libya fall into the first category. The coastal strip is home to the typical Libyan -- a person of mixed Arab-Berber descent (there are very few pure Berbers left, and though Bedouins in the interior take pride in their "pure" Arab blood, the amount of mixing over the years has made this very rare). There is a difference between the family trees of the [Tripolitania tribes and those of the tribes in Cyrenaica](#) dating back to the 11th century, when the Banu Hilal and Banu Salim Arabs settled in the respective regions. This division is felt to this day.

Cyrenaica is where the current uprising began in mid-February. This is a territory that Gadhafi -- or any ruler of Tripolitania -- has always struggled to control. In part, this is due to geography, as a [vast stretch of desert and the Gulf of Sidra separate the regions](#). This division has reinforced their separate historical developments. Cyrenaica has long been oriented toward Egypt and the eastern Islamic world, with Tripolitania more oriented to the western Islamic world and the Maghreb. Cyrenaica was also the home region of modern Libya's first ruler, King Idris I, who was overthrown by Gadhafi in 1969. (This is why so many towns in eastern Libya have begun flying the old flag of the Libyan monarchy in recent days.) Idris came from a line of rulers of the Sanussi order, a Sufi religious order founded in 1842 in Al Bayda, that practices a conservative and austere form of Islam. The Sanussiyah represented a political force in Cyrenaica that preceded the creation of the modern state of Libya, and whose reverberations continue to be felt to this day. It is no coincidence that this region is the home of Libyan jihadism, with [groups like the Libyan Islamic Fighting Group \(LIFG\)](#). (The Gadhafi family has thus been calling the current uprising an elaborate Islamist plot, blaming nearly everything on the influence of al Qaeda, and accusing several people once imprisoned for their affiliations with LIFG of having [established Islamic emirates](#) in various eastern towns.)

(click here to enlarge image)

A very small percentage of the Libyan population lives in the areas populated by the second category of tribes, including all of Fezzan

and a significant portion of Cyrenaica. The desert simply does not allow for a large population to develop. Much of [Libya's oil and natural gas](#) is within this region, however, and that is what makes an understanding of the tribal dynamics there important.

The Coastal Tribes

Tripolitania

The Gadhafi Tribe

This is the tribe of the Libyan leader, who was born in a desert town about 50 miles south of Sirte. There are six Gadhafi subtribes, whose members can be found in the two largest Libyan cities, Tripoli and Benghazi, but their main stronghold is in the territory stretching from Sirte to the Fezzan district of Sabha (where Gadhafi attended secondary school).

The Gadhafi tribe is not historically a force in Libya, in part because there simply are not that many members. The Gadhafi did not play a big role in the war against the Italian occupation, for example, nor did they have any influence during the monarchy, during which they mainly worked as herders. But the Gadhafi were allowed to join the armed forces and the police during this time, which is how the young Capt. Moammar Gadhafi found himself in the position to be able to lead the coup in 1969. (He promoted himself to colonel after the revolution.) As Gadhafi hails from the air force, this tribe continues to be very influential in this branch of the armed forces, which has been involved in some of the most severe crackdowns in eastern Libya and beyond.

Like any person in charge in a tribal society, [Gadhafi has long favored members of his own tribe](#), especially in appointing leaders in the security forces, from regional military commanders to his personal bodyguard. But since the Gadhafi tribe is not especially large, the Libyan leader has been forced to form confederations with others. The foundation of the Gadhafi power structure for the past four decades has largely rested on an alliance with the two largest tribes in the country: the Warfallah and the Magariha, neither of which hails from eastern Libya.

When Gadhafi first took power, he was heavily influenced by the ideology of then-Egyptian President Gamal Abdel Nasser. Arab nationalism was his guiding force. This later manifested in the Jamahiriya project that Gadhafi implemented in 1977. "Jamahiriya," a word coined by Gadhafi which describes a new system of governance he defined as the "state of the masses," was billed as a unique brand of Arab socialism. Ostensibly, it was to do away with antiquated notions of tribalism and focus on national identity. But in reality, these power relationships never went away.

The Warfallah Tribe

The Warfallah is the largest tribe in Libya. Its members can be found living in Tripoli and Benghazi but the tribe's stronghold is centered on the Wadi Warfallah and Bani Walid and reaches into Sirte. With an estimated 1 million members, the Warfallah tribe represents roughly one-sixth of the country's entire population. This is the dominant tribe in Tripolitania.

The Gadhafi and Warfallah have blood ties, and have been in alliance for much of Gadhafi's 41 years in power. There have been times when all was not well between the Gadhafi and Warfallah tribes, however. In October 1993, after 55 military officers from the Warfallah tribe were implicated in a failed coup attempt, Gadhafi ordered a wave of arrests targeting the tribe. This sparked a backlash from among the Warfallah -- most notably in Bani Walid, where there was an uprising in response. This event did not cause a permanent rupture in the alliance, but it would lead to the establishment of a law in March 1997 designed to prevent this kind of tribal unrest from happening again. The so-called "code of honor," approved by the parliament in March 1997, meant that tribes and families could be collectively punished through the withdrawal of government services should members of the tribe get involved in opposition activities.

On Feb. 20, shortly after violence exploded in eastern Libya, a group known as the Warfallah Tribal Elders released a statement in which they condemned Gadhafi, his sons, and all members of his tribe. The Warfallah Tribal Elders speak on behalf of the Warfallah confederation, which consists of six subtribes: the Matarfa, Zakarwa, Lotyyin, Fogyyin, Faladna and Mrabtín.

Other Important Tribes in Tripolitania

The Bani Walid Tribe

The Bani Walid overlap geographically with the Warfallah, and also stretch northward toward the coastal town of Misurata. After African mercenaries contracted by Gadhafi were used to violently suppress demonstrations in Misurata, the Bani Walid defected en masse from

their units, and are now part of the opposition.

The Tarhuna Tribe

The Tarhuna are another large Libyan tribe, especially in the capital, where they comprise an estimated one-third of the population. As just over 1 million people reside in Tripoli, that puts the total number of Tarhuna at a minimum of 350,000, with some estimates putting membership at two or three times that (though this is likely an exaggeration). There even used to be a district in Libya called Tarhuna district, located right next to Tripoli.

The Tarhuna, who are heavily integrated into the Libyan military, have also joined in the anti-Gadhafi protests.

The Zentan Tribe

The Zentan are located around the towns of Nalut and Zentan, around 100 kilometers (km), or slightly more than 60 miles, southwest of Tripoli in the Nafusa Mountain range, next to the Tunisian border. The Zentan are known as heavy participants in the Libyan army, but they, too, have shown signs of siding with the protesters.

There have been several reports of clashes between protesters and security forces in Zentan areas since Feb. 16, with images of people burning photos of Gadhafi and burning an armored personnel carrier belonging to the Libyan military, among other demonstrations.

Cyrenaica

The Zuwaya Tribe

The Zuwaya might not be the biggest tribe in Libya, but they are still a considerable force, if only because of the geography the tribe covers. Its members are spread out all across Cyrenaica, from the areas around the oil export facilities on the Gulf of Sidra to the interior regions around the actual oil deposits, as well as the Al Kufrah oasis.

The Zuwaya, along with the Warfallah, are one of the major tribes that have been the most vocal in their denunciations of Gadhafi since the crisis began. Zuwaya tribal leader Shaykh Faraj al-Zuway said in a Feb. 20 interview with Al Jazeera that the Zuwaya would halt oil exports if the army did not stop shooting at demonstrators. Faraj insisted that his words were to be taken as "a warning from the Zuwaya tribe," and gave a 24-hour ultimatum for Gadhafi to order the military to cease in the use of force to suppress the revolt. There are no signs that the Zuwaya have carried out their threat, however.

The Zuwaya reportedly control the Sarir, Messla and Aquila oil fields. And though Libya's oil production has been significantly affected by the overall environment of unrest in the country, this appears to be because the foreign companies and local technicians needed to operate the fields and export facilities have either evacuated or are no longer showing up for work. The Zuwaya, rather than attacking oil facilities, appear to be protecting them.

A WikiLeaks cable from 2008 stated that the Zuwaya are a heavily armed tribe, though these weapons are restricted to hunting rifles and other automatic rifles given to them by the Libyan government during the war with Chad over the Ouzou Strip in the 1980s. Their presence in the Toubou tribe's traditional heartland, namely the oasis town of Jaloo, has caused tension between the two tribes, at times breaking out into clashes that the Libyan army is forced to suppress.

Other important tribes in Cyrenaica

The Misurata Tribe

The Misurata tribe is said by some to be the largest tribe in eastern Libya, though there are no concrete numbers to prove this. The tribe took its name from an area in northwestern Libya -- the town called Misurata -- where they used to live in great numbers before a wave of emigration after World War II. The town of Misurata is due west across the Gulf of Sidra from the Misurata stronghold in Cyrenaica. Today, the Misurata live mainly in the cities of Benghazi and Darnah.

The al-Awaqir Tribe

This tribe is most prevalent in Al Bayda, the city in which the Sanussi order was established and where the current uprising began in mid-February. When Gadhafi's son Seif al-Islam made reference to those who had established the "Islamic Emirate of Al Bayda" in his Feb. 20 speech on Libyan state television, it is quite possible that he was referring to members of this tribe. The al-Awaqir are known for the prominent role they played in the war against Ottoman and Italian colonialism, and historically have played a prominent role in Libyan politics, both during the monarchy and during the Gadhafi era.

The Obeidat Tribe

The Obeidat are centered in the far northeastern military garrison town of Tobruk. Two top officials in the regime that come from this tribe have made very public defections in recent days: Maj. Gen. Suleiman Mahmud (whose full name is Suleiman Mahmud al-Obeidi), commander of the Tobruk military region, and Maj. Gen. Abdel Fattah Younis (whose full name also includes "al-Obeidi" at the end), the former interior minister. The latter announced his defection on Al Arabiya television Feb. 23. Mahmud, meanwhile, insisted after his defection that the tribes are not as fractious as Gadhafi claims, disputing the notion that Gadhafi's removal would lead to chaos.

Fezzan

The Magariha

(The Magariha technically are not a coastal tribe, but since Gadhafi took power members of the tribe have come to play an integral role in the affairs of the Libyan core. Thus, STRATFOR is grouping them into this category.)

The Magariha tribe is the second-largest in Libya. In addition to the Warfallah, it is the tribe that Gadhafi has consistently sought to keep in alliance throughout his time in power. The Magariha are the dominant tribe in Fezzan, though many Magariha live in Tripoli and other large cities on the coast, as is the case for almost all of the Arab-Berber tribes in Libya.

The most powerful member of the Magariha tribe is Col. Abdullah al-Sanussi, the head of the Jamahiriya Security Organization (JSO), which includes both the Internal Security Organization and the External Security Organization, an organization which employed Abdel Basset Ali al-Megrahi, better known as [the Lockerbie bomber](#) (Megrahi's surname is a clear indication of the fact that he hails from the Magariha tribe). Al-Sanussi is married to a sister of Gadhafi's second wife, Safia Farkash, and is famous for directing the 1996 Abu Salim prison massacre in which more than 100 Islamist prisoners were executed. This incident has been often cited by the eastern opposition as a core grievance that has led to the current uprising.

Al-Sanussi remains loyal to Gadhafi, and was explicitly accused by Bani Walid tribal leaders of directing the crackdown on Misurata. Likewise, protesters in the northwestern city of Zawiya on Feb. 24 told reporters that a Gadhafi aide named Abdullah Megrahi (whose tribe is revealed by his surname) had come to the town Feb. 23 to deliver a warning: End the resistance, or "there will be a massacre." One day later, Libyan military units allegedly used anti-aircraft missiles and automatic weapons to attack a mosque in Zawiya that contained protesters.

There are prominent Magarihas, however, who are said to have joined forces with the opposition. The most famous of this group is Abdel Salam Jalloud, al-Sanussi's cousin and a former classmate of Gadhafi's at Sabha. He is also one of the 12 members of the Revolutionary Command Council that carried out the 1969 coup. He served as prime minister for five years in the 1970s, and was once regarded as the second most powerful man in Libya. But after the failed 1993 coup, Jalloud fell out of favor with Gadhafi due to suspicions of his involvement. He was officially pushed out of the Jamahiriya leadership in 1995.

Jalloud has retained influence with the Magariha tribe, however, and a STRATFOR source included him as [part of a rumored plot](#) by several current or former military officers to overthrow Gadhafi. A separate source also reporting on this rumored plot indicated that another Magariha long known to be a member of Gadhafi's inner circle, Brig. Gen. Al-Mahdi al-Arabi Abdel Hafiz, had been chosen to lead the revolt. If there are indeed such plans, they have yet to be implemented.

The stance of the Magariha as a tribal unit is unclear. While Al Jazeera reported Feb. 21 that the entire Magariha tribe had renounced Gadhafi, there are clearly certain elements that are not of this persuasion, and the exact extent of the divide is unknown. Certainly there are elements of the Magariha that have joined the opposition camp, but it does not appear to have been a clean break just yet. Gadhafi's fate could hinge on this tribe's decision.

Interior Tribes

Fezzan

The Tuaregs

As Fezzan is largely unpopulated, the tribal dynamics that affect only Fezzan and do not play out in the coastal areas are largely unimportant in terms of determining the outcome of the current conflict in Libya. The Tuaregs, however, matter because of their ability to attack oil and natural gas infrastructure deep in the Libyan desert.

(click here to enlarge image)

The Tuaregs are a nomadic people who roam around the Sahara and Sahel regions. A Berber people, the Tuaregs have a much different culture and history (not to mention language and appearance) from the Arabic peoples along Libya's coastal regions, as well as the "pure" Arab Bedouins who live in other parts of the Libyan desert. They live in small groups mainly in the southwestern part of the country, concentrated primarily around the Ghadamis and Ghat oases.

The Tuaregs have joined the calls of the Warfallah, Zuwaya and other tribes in demanding that Gadhafi step down, clashing with security forces in the towns of Ghat and Ubari on Feb. 20. Tuaregs live near the Waha natural gas deposits on the Algerian border, as well as in the vicinity of the large Elephant oil field owned in part by the partially state-owned Italian oil firm ENI and Libya's state-owned National Oil Corporation. Indeed, Tuaregs reportedly took over the headquarters of an oil company in Ubari on Feb. 22, though details are scarce on what exactly transpired.

Cyrenaica

The Toubou Tribe

Like the Tuaregs, the Toubou tribe is not a substantial factor in the conflict under way within the Libyan core. The Toubou are the most distinct tribe in Libya simply because of their skin color: they more closely resemble sub-Saharan Africans than their countrymen to the north. (Indeed, when reports first emerged about African mercenaries employed by Gadhafi to suppress the uprising, there was some confusion as to whether they might have been Toubou elements of the Libyan military mistaken for foreigners.) Toubou, like the Tuaregs, live in small groups in harsh desert conditions, albeit on the other side of the country, in southeastern Libya near the Tibesti Mountains along the Chadian border and in the vicinity of the Al Kufrah Oasis.

Also like the Tuaregs, the main threat posed by the Toubou is to oil infrastructure. A rebel group called the Toubou Front for the Salvation of Libya threatened in 2008 to sabotage the Sarir oil field, located almost 400 kilometers from Al Kufrah.

The Toubou have shown allegiance to Gadhafi in the past, but this was based on money more than anything else. Their loyalty to anyone as far away as Tripoli is not going to be permanent. Indeed, the Toubou tribe reportedly denounced Gadhafi as well on Feb. 20.

The Tribes in Context

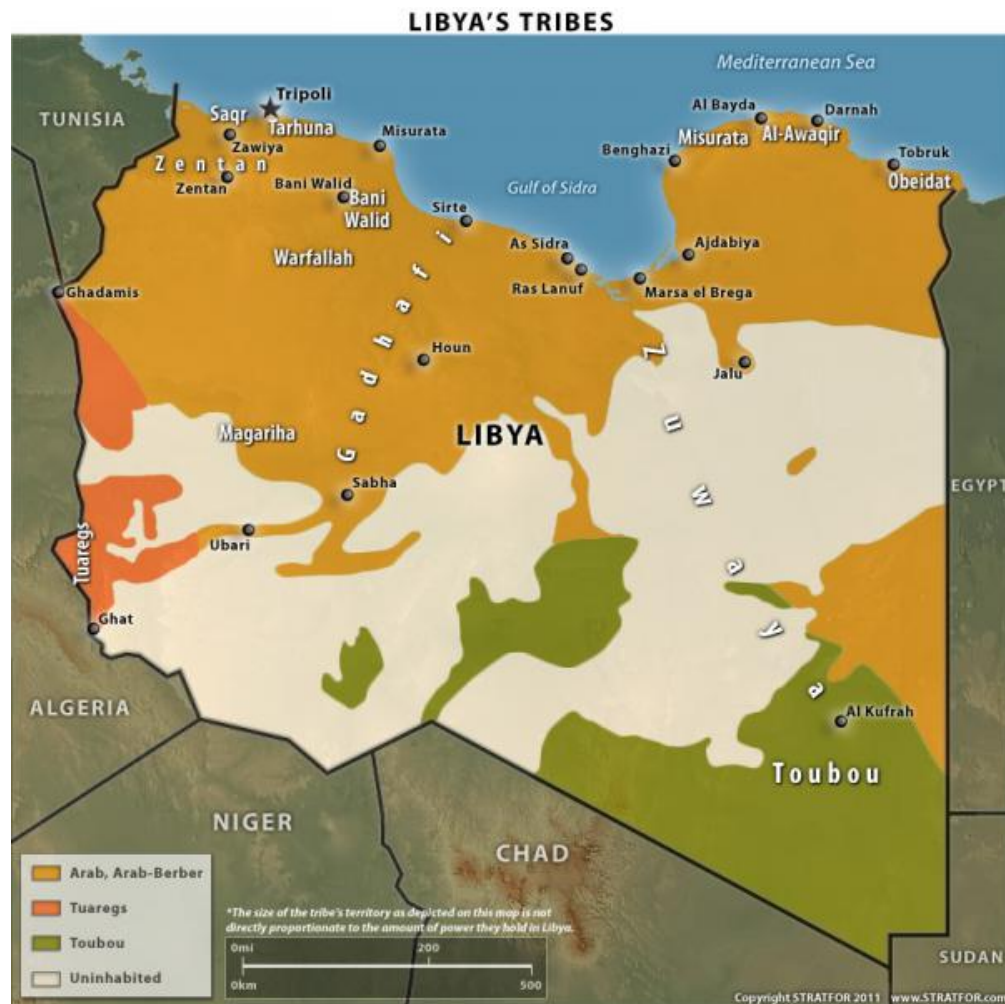
Eastern Libya is no longer under the control of the government in Tripoli, which is relatively normal in the history of this part of North Africa. The tribes of the east -- who view themselves as descendants of the Sanussi order and, before that, the Arab Banu Salim who populated this region -- have for the moment re-created the old region of Cyrenaica, which has not formally existed since before the days of the monarchy.

Across the Gulf of Sidra, in the capital of Tripoli, Gadhafi is holding on for the moment, and the portion of the armed forces still loyal to him are trying to push back against protesters fighting for control of cities in Tripolitania. Having lost the support of the largest tribe, the Warfallah, as well as all of the tribes of the east, Gadhafi is now relying primarily on members of his own tribe, individuals who feel more loyalty to the regime than to their own tribesmen who have revolted, and an unknown segment of Libya's second largest tribe, the Magariha.

Tuaregs and Toubou in the Libyan desert continue to pose a threat to the country's oil and gas production, but have not shown any serious inclination that they seek to shut down production at this time. Their activities are not of any pressing concern to Gadhafi, who for the moment is entirely focused on staying in power. To do that, he must ensure that the tribes loyal to him continue to stay loyal and hope that the use of force will help him to overcome the widespread opposition to his rule.

The Distribution of Libya's Major Tribes

February 28, 2011 | 2017 GMT



[View Full-size Graphic](#)

Analysis

Managing Libya's tribal dynamics has been central to Moammar Gadhafi's ability to stay in power since 1969. Of the 140 tribes in the country, about 30 are believed to have any appreciable amount of influence, and Gadhafi has been successful at balancing them all with his own Gadhafi tribe for more than 40 years. This appears to have changed, however, in the past two weeks, with nearly every major tribe denouncing the longtime leader. The result has been an uprising that is not restricted to eastern Libya. Instead, forces loyal to Gadhafi have lost control of every region save the majority of Tripoli and the Gadhafi tribal stronghold surrounding Sirte. The majority of Libya's tribes is composed of people with mixed Arab-Berber blood and lives primarily within the vicinity of the coastal strip. Very few people live in Libya's desert interior, and the farther south they are located, like the Tuaregs and the Toubou, the less influential they are in the current conflict in the Libyan core. (The Tuaregs and Toubou do represent a threat to oil infrastructure in the desert, however.) The two largest tribes in the country are the Warfallah and Magariha, both located in the western half of Libya. Gadhafi's strategy has focused primarily on ensuring that these two remain in his camp, though it has not always been successful; for example, a failed 1993 coup attempt involved several military officers from the Warfallah. The Zuwaya tribe lives in potentially the most strategically important part of the country in terms of energy production. As Sidra, Ras Lanuf and Masra el Brega -- and the oil fields that sit directly to the southeast of these crucial oil export facilities -- all lie within Zuwaya-inhabited zones.

Geopolitical Diary

Analysis of the Key
Event of the Day

The European-Libyan Game

August 25, 2009 | 0158 GMT

IN A SPECIAL SESSION OF THE SCOTTISH PARLIAMENT on Monday, Scottish Justice Secretary Kenny MacAskill repeated his explanation for why his government decided to release Abdel Basset Ali al-Megrahi, the Libyan convicted of terrorism charges in connection with the bombing of Pan Am Flight 103. The bombing over Lockerbie, Scotland, in December 1988 caused the deaths of 270 people. Al-Megrahi, whose release from prison on Aug. 20 for "humanitarian reasons" (doctors give him only three months to live due to prostate cancer) has sparked outrage in both the United Kingdom and the United States, where some have even called for a boycott of Scottish products. U.S. President Barack Obama and FBI Director Robert Mueller also spoke out against the release.

The public outrage and consternation in the United States and United Kingdom mirror the uproar in Switzerland, where President Hans-Rudolf Merz's apology to Libya -- offered on the same day as al-Megrahi's release -- continues to be the top story in the usually placid and uncontroversial Alpine state. Merz traveled to Tripoli last week to apologize in person for the arrest in July 2008 of Hannibal Gadhafi -- the son of Libyan President Moammar Gadhafi -- and his pregnant wife by Geneva police, who claimed that the two were abusing their servants in a Geneva luxury hotel (and even threatening to throw one of the maids out of a window). The incident last year led the Libyan leader to cut off oil exports to Switzerland (shipments that account for 20 percent of total Swiss oil use), and to keep two Swiss engineers essentially "hostage" in Libya, refusing to allow them to leave the country.

The people in both the United Kingdom and Switzerland are outraged that their governments appear to be kowtowing to the Libyan dictator.

In the United Kingdom, rumors are rampant that Business Secretary Peter Mandelson negotiated al-Megrahi's release in return for lucrative energy deals for BP in Libya. The Swiss, meanwhile, are accusing Merz of bowing under pressure related to Libyan energy exports and Gadhafi's decision to pull \$5 billion out of Swiss bank accounts. The people in both the United Kingdom and Switzerland are outraged that their governments appear to be kowtowing to the Libyan dictator. However, the public might be missing the deeper, geostrategic reasons behind the U.K. and Swiss governments' growing tolerance for Libya.

At the heart of this week's collective outrage is the simple fact that Europe's efforts to diversification away from Russian energy are leading the continent right into the outstretched arms of leaders like Gadhafi. Since the Ukrainian gas crises in the winters of 2005-2006 and 2009, Europe's main goal has been to find energy sources other than Moscow, which uses its natural gas exports to achieve geopolitical goals.

However, the energy alternatives to Russia are to be found in the Middle East and North Africa -- namely, countries such as Iran, Iraq, Algeria, Egypt and Libya. Iran has huge potential for energy exports, particularly natural gas, but developing the massive infrastructure that would be needed to ship the gas through pipelines via Turkey would first require a substantive political evolution in Tehran. Even at that point, it is not clear whether Iran would refrain from attempts to parlay its position as a major energy supplier to Europe for geopolitical concessions in the region. Internally, Iraq is a mess in terms of both politics and security. Algeria, while politically coherent, has been dealing with a low-level insurgency for decades. Egypt is among the more stable Middle Eastern countries, but its energy reserves are so limited that there is not much time before it becomes an energy importer.

Then there's Libya. The political enigma that is the Gadhafi regime frequently links political relations directly to investment relations. The government, obsessed with security, runs a tight ship, but the unpredictability built into the system is more than enough to induce caution among energy firms. As the Hannibal drama with the Swiss and the Lockerbie bomber's release demonstrate, the Europeans will have to tolerate Gadhafi's mood swings if they expect the energy to keep flowing.

Europe's conscious decision to reduce its energy dependence on Russia will improve its ability to stand up to geopolitical challenges from Moscow -- particularly in Ukraine, the Baltics and the Caucasus. But this additional room to maneuver comes at a price. The Europeans will have to swallow their pride in dealing with an unpredictable regime like Libya. Indeed, much of the public outrage in the United Kingdom and Switzerland can be viewed as the collective angst of two powerful European countries that find themselves having to stroke the ego of a North African country more often associated with impoverished illegal immigrants heading for Europe's shores than

with holding Europe's political elite hostage. Still, if Europe wants to loosen Russia's energy grip, it will have to get used to indignation.

The Future of Libyan Oil

January 2, 2004 | 2357 GMT

Summary

With Libya falling into line and playing good global citizen, the obvious question arises of if and when the United States will lift sanctions and allow U.S. oil companies back into the oil-rich North African country. Contrary to conventional wisdom on the subject, there is a strong geopolitical argument to be made that the decision will come sooner rather than later.

Analysis

Libyan Prime Minister Shukri Ghanim said Jan. 2 that his country is aiming to accelerate the dismantling of its unconventional weapons program in order to be declared free of weapons of mass destruction and to be released from U.S. sanctions by spring 2004. Ghanim reminded Washington that if it doesn't lift sanctions by May 12, his government will not be required under the terms of its August agreement to pay an additional \$6 million to each victim's family from the 1998 Lockerbie bombing.

Ghanin's comments came just days after Mohamed ElBaradei, head of the International Atomic Energy Agency, praised Libya's cooperation and openness during the first two days of IAEA inspections Dec. 28-29.

Libya clearly has decided to fast-track its campaign of regaining global respectability, a process that has been [under way for some time](#) but has been accelerated by the large U.S. footprint in Iraq and its aggressiveness toward other "rogue" states, including Iran and Syria. The holy grail for Tripoli would be the lifting of U.S. sanctions, which would result in a [rush of new investment](#) by U.S. oil and gas companies -- including supermajors ExxonMobil and ChevronTexaco, as well as smaller players such as Occidental and Amerada Hess -- that would quickly begin to fill Libyan leader Moammar Gadhafi's coffers.

Iraq... Without the Wars?

Libya has much to offer from a petroleum perspective. In fact, the Libya of today bears a striking resemblance to the Iraq of one year ago. Like Iraq, sanctions have led to a steady drop in the country's output from 3.3 million barrels per day in 1970 to 1.4 million bpd today -- 1.2 million barrels of which are exported. Like Iraq, only about one-quarter of Libya has been parceled for exploration, raising the possibility of huge long-term increases in terms of production and reserves, currently a rather thin 30 billion barrels. Like Iraq, nearly 20 years of sanctions have left the industry technologically backward and in a state of dire disrepair.

In Iraq, the application of new technologies has aided a rapid resurgence in that country's production capacity since May, with rates of production rising an average of 200,000 bpd per month. Libya won't enjoy such a robust jump. For one thing, Iraq was basically starting from zero after the war, whereas production in Libya was never actually halted. Moreover, many of Libya's fields have been in constant production for decades and are far past their peak, with annual rates of decline of around 7 percent to 8 percent. Its fields are also generally smaller and of lower quality than Iraq's, with only 12 breaching the 1.0 billion-barrel size marker. By comparison, Iraq has 13 fields of more than 2.0 billion barrels and a number that break 5 billion barrels.

Though Libya's coming production jump might be overshadowed by Iraq, that doesn't mean its increases won't be dramatic -- and in many respects much easier. Libya's export infrastructure remains largely intact, reducing development costs while the state-run National Oil Co. (NOC) is in the process of seeking bids for a gaggle of new exploration blocs, refinery expansions, port facilities and production enhancement programs. European firms, particularly Italy's ENI, have been chomping at the bit to jump into these efforts. Libya, however, seems to be waiting patiently for American partners, many of whom ran the bulk of Libyan oil in the days before Gadhafi and Washington went their separate ways.

Libya's differences with Iraq actually bode well for Libyan energy developments. First and most important, Libya -- although the target of a brief U.S. bombing campaign in the 1980s -- has not engaged in a single domestic war, much less three (like Iraq). Second, Libya has no insurgency problem hindering inward investment. Third, Libya is merely a hop from oil-thirsty European markets.

Also unlike Iraq, Libya never nationalized the assets of U.S. firms that were forced to leave in 1986. Instead, Tripoli managed the fields and pipelines in their name. Despite repeated threats by Tripoli to transfer ownership if the U.S. firms did not return, the Oasis Group -- an alliance of Amerada Hess, Marathon, ConocoPhillips and NOC -- in theory can recommence operations once U.S. sanctions are lifted.

Before the June 1986 break, the Oasis group pumped 850,000 bpd in Libya. Occidental's Libyan reserves total 4.0 billion barrels, more than one-sixth of total U.S. domestic reserves.

In most cases, the re-entrance of U.S. firms into Libya should result in a sharp increase of production. A key case in point is Libya's liquefied natural gas (LNG) plant at Marsa el Brega. When the terminal came online in 1971, Libya was only the second country in the world to produce LNG. But U.S. sanctions have prevented the plant from installing equipment necessary to separate liquefied petroleum gas from the condensing gas, drastically reducing the fuel's appeal on international markets -- and by extension the plant's production level. With sanctions gone and U.S. firms returned, installing the appropriate equipment could quickly triple Libya's LNG exports to the plant's 1.3 million-metric ton per year nameplate capacity, according to estimates from the U.S. Energy Information Administration.

The Road to Riches Runs Through Damascus

For Libya to consolidate and truly take advantage of its newfound respectability, it must extricate itself from the sanctions enshrined in the Iran Libya Sanctions Act (ILSA). Libya's sudden cooperation will not guarantee an immediate lifting of sanctions. That said, Libya is much closer to that goal than it was one year ago. The question now is not whether Washington will lift the sanctions, but when. The answer is most likely within the next 10 months.

The barrier to lifting sanctions falls into two main camps: neoconservatives within the Bush administration and nervous Republicans in Congress. Segments of the administration -- particularly Defense Secretary Donald Rumsfeld and neoconservatives like Deputy Defense Secretary Paul Wolfowitz -- remain highly suspicious of Gadhafi's sincerity. Who can blame them? White House officials confirmed Dec. 31 that the United States intercepted an illegal shipment of thousands of centrifuges used for uranium enrichment en route to Libya from the Persian Gulf in early October. The report seriously undermines Libya's argument that it abandoned its nuclear ambitions long ago. The Bush administration also recognizes that the promise of lifting sanctions is a valuable carrot that it might want to retain to keep Tripoli honest.

Moreover, the U.S. Congress would have to approve a lifting of sanctions, which will be more difficult in an election year -- when candidates will be tripping over each other to show they are being tough on terrorism, a word many Americans still associate closely with Gadhafi. Many incumbents might worry that their opponents could exploit a vote to lift sanctions on Libya, and they could pressure the White House to postpone the issue until after the November elections. The good news for Libya is that, should U.S. President George W. Bush choose to do so, he is in a strong position to deliver to both camps.

There are also larger geopolitical factors working in Libya's favor. The sanctions issue is far larger than either simple bilateral relations or U.S. electioneering: The trigger that will bring about an end to Libya's sanctions will not be developments in Washington or Tripoli, but in Damascus.

During the course of 2003, the United States -- by dint of diplomacy, threats and force of arms -- greatly broadened its network of reliable Middle Eastern and South Asian allies, although we use the word "reliable" loosely. Going into 2003 Washington could count on Morocco, Algeria, Tunisia, Jordan, Oman and the Gulf States (and Israel, of course) along with qualified assistance from Saudi Arabia, Pakistan and Egypt. By the year's end, the United States was able to add Iraq, Iran, Sudan and Libya to the list of "reliables," as well as increasing its confidence level in the three fence-sitters.

Looking down from 50,000 feet, the United States has nailed nearly everything it believes it needs to pressure al Qaeda simultaneously on multiple fronts, while still ensuring that the regional political dynamics of the Middle East evolve in the direction [of Washington's choosing](#).

Libya and Iran have ratcheted up cooperation in tracking down al Qaeda and have agreed to disclose their WMD programs. Sudan's civil war is winding down due to U.S. mediation. Saudi Arabia, forced to taste the results of its own policies, has finally rolled up its sleeves and begun efforts against al Qaeda prime, and Pakistan's pro-U.S. President Gen. Pervez Musharraf is successfully consolidating power -- albeit not without a good amount of personal risk.

In fact, as of the first of the year, there is only one noticeable holdout.

Syria.

During 2003, the United States was able to force almost every state in the region to work toward implementing American-inspired policies. In 2004 the United States can focus most of its efforts on a single, small, weak state. How long can Damascus hold out? You do

the math.

For years the loudest voices in United States arguing against lifting Libyan sanctions have been Republican neoconservatives. Once Syria caves to U.S. pressure -- as it is [beginning to do](#) already -- the Bush administration will have a very strong argument that its Middle Eastern policy has been successful, and that it is now time to begin consolidating gains. One of those gains will be opening the gates to allow U.S. oil companies back into Libya.

Considering the current pace of events, it is likely that the White House will decide to suspend ILSA before the November elections, and perhaps in time to avoid a confrontation with Tripoli over the Lockerbie payouts. Once the White House makes that decision, it shouldn't have any trouble sealing the deal.

Geopolitical Diary

Analysis of the Key
Event of the Day

The Intelligence War in Libya

August 24, 2011 | 0352 GMT

The International Criminal Court (ICC) had some explaining to do Tuesday after Seif al-Islam Gadhafi, the second-eldest son of Libyan leader Moammar Gadhafi, blatantly disproved a rebel claim, confirmed by the ICC, that he had been captured by rebel forces. Seif al-Islam appeared early Tuesday morning local time at the Rixos hotel in Tripoli and gave a brief news conference to a group of foreign journalists. Within a matter of minutes, he singlehandedly discredited claims that the rebels had seized the capital while also confirming widespread fears, particularly those felt by NATO and the Libyan rebel National Transitional Council (NTC), that the war is by no means over.

In the Libya case, NATO needed to transform an illusion -- that Libya's National Transitional Council was fit to govern and that Gadhafi was ready to capitulate -- into a reality.

The most interesting aspect of this whole episode is the earlier ICC claim -- forwarded both by spokesman Fadi El Abdallah and Prosecutor Luis Moreno-Ocampo -- that the surrender and detainment of Seif al-Islam by rebel special forces had been confirmed. Both officials stated publicly that the International Criminal Court was discussing when and how the young Libyan leader would be transferred to The Hague in accordance with U.N. Security Council resolution 1970. After Seif al-Islam appeared before the cameras, El Abdallah retreated from his earlier statement, saying that "the [ICC] prosecutor said he had received information about the arrest of Seif al-Islam, which is true, but we did not receive an official confirmation of this information." Moreno-Ocampo also issued a brief written statement from his office that reiterated his commitment to helping the Libyan rebels bring justice to the country, but he did not address his earlier, inaccurate statement on Seif al-Islam.

The question of how the ICC, an ostensibly neutral international organization, could commit such a major blunder cannot be easily answered. This incident was not simply the product of the Libyan rebel propaganda machine. Instead, it was likely one piece of a broader disinformation campaign currently being run by Western intelligence agencies operating in Libya.

When the military campaign in Libya began in mid-March, STRATFOR emphasized two main points: that air power alone would not produce regime change in Libya; and that the duration of the conflict would extend far beyond most expectations. An ideological narrative [on the need for humanitarian intervention to further the cause of liberal democracy](#) created the foundation for the NATO campaign. However, none of the allies were prepared to commit significant resources, particularly conventional ground forces, to increase the likelihood of regime collapse. Political constraints, the murkiness of the rebel movement and the simple fact that countries were not willing to expend blood and treasure on a conflict that did not directly impact them are all factors that contributed to this military reality. Thus, NATO has been fighting the war on the cheap -- a circumstance that requires a great deal of creativity. In short, NATO needed to find a way to reshape the political reality on the ground without significantly increasing its military burden.

As military strategist Sun Tzu once said, "to win a hundred victories in a hundred battles is not the highest excellence; the highest excellence is to subdue the enemy's army without fighting at all." All warfare, as the Chinese military general said, is based on deception. In the Libya case, NATO needed to transform an illusion -- that Libya's National Transitional Council was fit to govern and that Gadhafi was ready to capitulate -- into a reality. An elaborate disinformation campaign is the method for achieving these aims.

Elements of this intelligence operation could be seen in the early days of the war. Profiles of emerging rebel leaders appeared in the Western press, portraying them as liberal and benign and thus, fit to govern. The news coverage posited that these rebels were immune from ICC prosecution, despite their previous careers as leading members of the Gadhafi regime. What was more difficult to hide was the ragtag nature of the rebel forces. For that, leading NATO participants in the war decided to insert special operations forces to arm and train the rebels. These special operation forces propelled the Tripoli-bound offensive forward by eliminating key targets of Gadhafi resistance (while allowing the rebels to take credit). Key to this operation was NATO's ability to create the perception throughout Libya, and especially within Tripoli, that Gadhafi was backed into a corner and the war was effectively over. The thought of Seif al-Islam being captured and held by rebel forces just hours into the battle for Tripoli theoretically had the power to drive people into the streets and, most importantly, compel Gadhafi's remaining forces to abandon the fight. What better way to reinforce this thought than by feeding information through the system and having the ICC make a rare, yet potent statement, confirming Seif al-Islam's capture?

That was the plan, at least, until Seif al-Islam showed up, discrediting not only the rebel camp (which was already taking a major credibility hit) but also the ICC. The oft-repeated demand by the West for Gadhafi and his allies to be sent to The Hague is exactly what compels them to resist capitulation -- Gadhafi and his friends have everything to lose if they surrender. The events of the past 24 hours have shown that the war is clearly not over. Gadhafi's forces are showing no signs of yielding just yet. The Seif al-Islam blunder in the intelligence war is bound to create friction within the NATO alliance, as the momentum of the Tripoli campaign wears thin over time.

At this point, Gadhafi likely understands that his forces are no match for NATO. He can choose to decline combat, rely on his existing strongholds in the central regions of Sirte and Sabha for support and wait for the war to drag on. Gadhafi's definition for victory is simple -- to survive. As long as he can hold out (and as long as NATO continues to face major challenges in obtaining intelligence on his movements), he has a chance of wearing down NATO and driving the conflict toward negotiation. This tactic may be a tall order for Gadhafi, but his staying power cannot be discounted simply by a series of rebel claims of success. The longer he can prolong the war, the more Gadhafi can erode NATO's patience, creating the space and time needed to allow the fissures of the rebel camp to come to the fore.

The International Effects of Libyan Unrest on Energy

February 21, 2011 | 1754 GMT

Summary

The current unrest in Libya may begin to affect the country's energy sector. This would have consequences for the international market, as firms from other countries, especially Italy, have stakes in Libyan energy projects.

Analysis

Protests continued in Libya on Feb. 21, including demonstrations and reports of violence in the capital city. The ongoing unrest has not yet affected the country's energy sector, but as tensions mount, foreign firms involved in Libyan energy projects have begun evacuating staff.



MAHMUD TURKIA/AFP/Getty Images

Libya is a mid-tier oil producer with production of approximately 1.8 million barrels of crude oil per day, more than 90 percent of which is exported, with roughly 90 percent of that going to Europe. Energy production accounts for around 95 percent of export revenue and 80 percent of government fiscal revenue.

Libyan crude is of relatively high quality, which allows it to be used as feedstock in nearly all of the world's refineries. This is both good and bad. It is good because the refineries that can run Libyan crude can run most of the world's crude streams (the global crude stream is declining in quality, but for now most of the world's oil production remains relatively high quality). It is bad because it is the sort of crude that is in high demand globally, so the loss of Libyan exports would most likely affect crude oil prices disproportionately.

Geographically, Libya's energy industry is bifurcated between its eastern and western basins, with a thin majority of the total being produced in the east, where protests have been most vigorous. However, to balance that, nearly all of the country's natural gas exports originate in the west, where Libyan leader Moammar Gadhafi's power base lies. (There is very little offshore production.) Italy is Libya's top consumer for both types of energy; it absorbs all of Libya's piped natural gas exports and one-third of its oil exports.

No energy output has been adversely affected by the protests yet, and the two cities that have experienced the most protests, Benghazi and Al Bayda, contain limited energy infrastructure. Two different Libyan tribes have threatened to halt oil exports if the army does not cease firing on protesters. Most notable was the threat issued by a leader of the Zuwayya tribe, which has members living all across the country. In a Feb. 20 interview with Al Jazeera, Sheikh Faraj al-Zuway issued a "warning from the Zuwayya tribe" that they would halt the flow of oil in certain areas within 24 hours. In the interview, al-Zuway emphasized the vulnerability of "southern oil fields" to an attack by his tribe, presumably a reference to the Elephant field in southwestern Libya. Foreign firms have been trying to re-enter Libya en masse since U.S. and U.N. sanctions were lifted several years ago, but contract negotiations have become bogged down in seemingly endless renegotiations. As such, energy output has only increased by about 15 percent in the past six years.

Nonetheless, the Libyan national oil company is neither large nor in possession of deep technical expertise, and as instability mounts, several foreign firms have begun evacuating staff. Libyan energy output obviously will be severely affected by their absence. However, there is one energy firm that is likely willing to stomach a lot more violence than most.

(click here to enlarge image)

Italian energy giant ENI -- Italy's largest industrial conglomerate, which is approximately 30 percent state-owned -- stands to lose the most in the unrest in Libya. ENI produces around 250,000 barrels of oil equivalent per day in Libya, approximately 15 percent of ENI's total global output. It has also recently agreed to invest a further \$14 billion in the country. ENI also operates jointly with the Libyan National Oil Corp. the \$6.6 billion Greenstream natural gas pipeline and plans to increase the line's capacity from 11 billion cubic meters (bcm) per year to 12 bcm by the end of 2012.

The relationship between ENI and the Libyan government is close. The Libyan sovereign wealth fund owns a 2 percent stake in ENI and has, over the past two years, considered raising its stake to 10 percent. The Libyan sovereign wealth fund also owns around 5 percent

of the largest Italian bank -- and one of the largest European banks -- UniCredit and 2 percent of the Italian defense-aerospace industrial conglomerate Finmeccanica, which is the second-largest Italian industrial conglomerate.

ENI is known for doing business with unsavory regimes that other European energy firms eschew. It was one of the first European energy companies to begin doing business with the Soviet Union. This relationship has served it well, as it is still one of the closest European companies with Gazprom. ENI started doing business with Libya in 1959 and never looked back, not even when the rest of the world avoided Gadhafi's regime due to his outspoken support for various Palestinian militant organizations in the 1970s and 1980s. This relationship largely followed from Rome's relationship with Tripoli, which included Italy's 30-year direct colonial rule of Libya that ended in 1943.

Relationships with Moscow and Tripoli are a core part of ENI's company strategy. Italian domestic production of natural gas, which peaked at 18.4 bcm in 1994, is falling fast and was at around 8 bcm in 2008. Meanwhile, natural gas consumption crossed 20 bcm in the 1970s and kept growing, hitting 77.7 bcm in 2008. An upstart domestic rival, Edison, is attempting to bring in natural gas from Azerbaijan and the Middle East via its trans-Adriatic sea pipeline Poseidon. Thus, ENI's strategy is to monopolize sources of natural gas in Russia and Libya via its close links to their governments -- a strategy supported by ENI's strong ties with the Italian government.

A change in Libya's regime could put this strategy -- and the billions spent on Libyan energy infrastructure -- at risk. This explains why the Italian government has thus far not condemned the events in Libya, unlike many of its fellow European governments. Italian Foreign Minister Franco Frattini on Feb. 21 said, "Europe shouldn't intervene, Europe shouldn't interfere, Europe shouldn't export [democracy]." Frattini also specifically said he was concerned with the possibility that Libya could be split into two, specifically saying Rome was concerned about the "self-proclamation of the so-called Islamic Emirate of Benghazi."

The Significance of Libya's Gulf of Sidra Energy Assets

February 23, 2011 | 2226 GMT

Summary

The heads of several oil companies in eastern Libya's Gulf of Sidra region announced Feb. 23 they had "pledged loyalty to the people" and were splitting from Moammar Gadhafi's regime. The Gulf of Sidra is critical to Libya's energy exports, and its major ports handle approximately 77 percent of Libya's oil exports. It is still very early in the conflict, but if eastern forces gain control over this region, it could provide crucial strategic depth in their fight against Tripoli.



Reuters

Analysis

The directors of several oil companies in the Gulf of Sidra region of eastern Libya announced they were splitting from [embattled leader Moammar Gadhafi](#) and had "pledged loyalty to the people," Zawya Dow Jones reported Feb. 23.

The Gulf of Sidra is critical to [Libya's energy exports](#). The ports of As Sidra, Marsa el Brega, Ras Lanuf, Tobruk and Zuetina handle approximately 77 percent of Libya's oil exports. Allegiances in the Gulf of Sidra and the economic value they represent, therefore, are key to the survival of Gadhafi's regime.

According to the report, the defecting directors came from the Arabian Gulf Oil Co. (Agoco) and the Sirte Oil Co. (SOC), both regional subsidiaries of Libya's state-owned National Oil Corp. The Benghazi-based Agoco operates the Nafoora, Messla and Sarir oil fields in Libya; Marsa el Brega-based SOC runs the Marsa el Brega refinery, which has a maximum capacity of about 200,000 barrels per day (bpd), but sanctions have limited its actual production to about 18,000 bpd. The three oil fields are now allegedly under the control of the Zawiya tribe, which has threatened to stop the flow of oil to western Libya if authorities do not halt their operations against Libyan protesters. Oil appears to be flowing from the fields for now as the Zawiya tribe appears to be cooperating with oil companies, but it seems that the refinery of Marsa el Brega and several of the oil fields that supply it and other ports have fallen out of the control of the government.

(click here to enlarge image)

On Feb. 22, a Filipino information technology worker living in Benghazi told Filipino news agency GMA that he had been transferred from Benghazi to Marsa el Brega because "the military has taken control" there. Given the [large-scale military defections elsewhere in the country's east](#), it is unclear if the worker was speaking of Gadhafi loyalists or breakaway factions.

In addition to the statements from the oil companies, anti-Gadhafi protesters claimed control over Ajdabiya, also along the Gulf of Sidra and adjacent to the strategic port of Zuetina. While there is little anecdotal evidence from Zuetina, the protesters' proximity is a sign that the port and oil terminal are at serious risk of falling out of the government's control. Farther to the east, the port of Tobruk has broken away from Gadhafi, bringing with it the terminal that services the Sarir oil field.

This also means that around three-quarters of Libya's oil export revenue, which was \$30 billion in 2009, goes abroad via the Gulf of Sidra. Additionally, the Ras Lanuf oil refinery is Libya's largest export refinery, with a throughput of 220,000 bpd. Western Libya does have the 110,000 bpd Elephant oil field and the Greenstream natural gas pipeline, with a capacity of 10 billion cubic meters per year, which pipes essentially all of Libya's produced natural gas to Italy. However, the revenue from natural gas is far smaller, at only around \$3.8 billion in 2009.

Currently, the fluid situation in eastern Libya makes it difficult to draw boundaries between cities controlled by pro- and anti-Gadhafi forces. While there appears to be an [east-to-west domino effect](#), protests are still contained in individual cities, and their success in recruiting the support of local tribes, military forces or business leaders is different from city to city. Geographic limitations will further constrain the ability of protesters in these cities to coalesce for a push westward.

As of now, there are no reports of protesters taking control or business or military leaders defecting in Ras Lanuf or As Sidra. Without evidence to the contrary, STRATFOR must assume that those cities not claimed as being controlled by anti-Gadhafi forces are still under Gadhafi's control. That being the case, it appears that the allegiance in the Gulf of Sidra is geographically split between Marsa el Brega to the east and Ras Lanuf to the west, with Ras Lanuf being more important overall to Libya's economy.

Finally, in addition to defections in the energy industry hurting the Gadhafi regime in the immediate future, their allegiance "to the people" may provide an economic and strategic underpinning to a [secessionist movement in eastern Libya](#). It is still very early in the conflict, and there is no indication that anti-Gadhafi forces are consolidating in eastern Libya, but control of the Gulf of Sidra could provide crucial strategic depth to a region of Libya that is breaking away from Tripoli's control.

The Status of Protests in Libya

February 18, 2011 | 2021 GMT

Summary

Libyan anti-government protesters continued to gather Feb. 18, with reports of deaths coming from the restive northeastern cities of Benghazi and Al Bayda. Though the bulk of the protests so far have been about 1,000 kilometers (600 miles) away from Tripoli and have not yet reached a critical mass, this does not mean they do not pose a threat to leader Moammar Gadhafi.

Analysis

Protests in Libya continued for a fourth day Feb. 18, with reports of deaths coming from the particularly restive northeastern cities of [Benghazi and Al Bayda](#). Human Rights Watch reported Feb. 17 that 24 people (other opposition estimates put it closer to 33) protesting the regime of leader Moammar Gadhafi were killed by responding security forces and pro-government militias across five cities on Feb. 16 and Feb. 17, most by gunshot wounds. Violence continued in both cities the next day, with Benghazi reporting 14 deaths.

Opposition leaders claim that "thousands" have congregated in Benghazi and Al Bayda, though there is very little video or photographic imagery to support these claims. Only short, amateur videos and pictures of protesters are available so far, and those videos only show loosely packed crowds numbering perhaps in the hundreds. This is not to say that there are not more protesters on the street. There is a dearth of foreign media coverage in Libya and state-owned television is not broadcasting images of the protesters but the limited, crude footage STRATFOR has seen so far does not show crowds large enough to back up the opposition's claims.

Location of Anti-government Protests

(click here to enlarge image)

- **Tripoli:** Libya's capital, population 1.7 million, has not seen anti-government protests on the scale of towns in the northeast, but there are indications that may be changing. Twitter users have reported that at least one building was set on fire and that protesters raised a Libyan flag dating to before Gadhafi took power over a court building in Tripoli -- though these reports have yet to be confirmed and could be misinformation from the anti-government demonstrators. Limited, amateur video footage from the city indicates that anti-government forces consist of no more than a hundred or so people. Tripoli has also seen large turnouts for pro-government protests in previous days, with Gadhafi even taking part Feb. 17 and Feb. 18. The presence of pro-government protesters could lead to a violent confrontation between the two sides.
- **Benghazi:** Protesters were gathering near the courthouse in the city's center Feb. 18. An eyewitness speaking to CNN earlier in the day said there were no security forces near the courthouse but that they were gathering around the outskirts of the city of 650,000 people. A nurse at a Benghazi hospital said unidentified men in security uniforms abducted three patients overnight who had been injured in protests the previous day -- possibly an attempt to detain protest leaders in order to disrupt their organization. Quryna newspaper reported that 1,000 prisoners also escaped from Al Kuifya prison -- 150 were subsequently recaptured, indicating that police are still patrolling the area -- on the outskirts of Benghazi and are being blamed for setting fire to the prosecutor's office, a bank and a police station. Prison breaks are significant as they may release political prisoners along with criminals, adding both ideological and physical opposition to the government to the streets. The bulk of the protesters appears to be peaceful. Reports of physical violence appear to trace back to the prisoners and not necessarily the protesters; however, the line can blur very quickly in such a fluid situation.
- **Al Bayda:** There are conflicting reports on the death toll in this city of 206,000 for Feb. 18, ranging from two to 25 dead. On Feb. 17, hospital staff confirmed that 16 people were killed during protests. Murky reports citing opposition groups outside of Libya (Swiss-based Libyan Human Rights Solidarity Group and the Libyan Committee for Truth and Justice) claimed that protesters had "taken over the city," though it is unclear what this means. They also stated that security forces were fighting back, so protesters certainly are not operating unopposed in the city. Reuters reported that police were joining the protesters' side. There are unconfirmed reports that protesters took over the airport there as well as reports that pro-government militia groups, some reportedly even coming from Chad, are being used to fight back against the protesters. The use of foreign mercenaries would be an interesting development in Libya, especially considering reports that the local police may be joining with the protesters, and certainly warrants further attention.

- **Zentan, Darnah, Ajdabiya:** Protests and clashes between pro- and anti-government forces also reportedly occurred in these towns, but very few details on their severity are currently available.

While most protests appear to be in cities some 1,000 kilometers (600 miles) east of Tripoli, this does not mean the protests do not pose a [threat to Gadhafi and his regime](#). If opposition groups and protesters can entrench themselves in these cities, they can certainly undermine the regime from there. [Protests in Tunisia similarly began in the periphery before spreading to Tunis](#). For now, protest sizes do not appear to have reached a critical mass, but considering the [current environment of instability in northern Africa](#), the Gadhafi regime is likely to take these protests very seriously.

U.K.: Blair Will Visit Libya

March 24, 2004 | 1619 GMT

British Prime Minister Tony Blair will visit Libya on March 25 to meet with Moammar Gadhafi, a British government official said March 24.

United States: Finding a Role for Libya

June 28, 2004 | 2349 GMT

Summary

The U.S. State Department announced June 28 it would re-establish direct diplomatic relations with Libya after 24 years. The move follows a statement by U.S. National Security Adviser Condoleezza Rice on June 27 regarding cooperation between the United States and Libya in the Darfur region of Sudan. Cooperation between the countries is likely the result of the United States' desire to secure the Mediterranean in order to focus its attentions on the Persian Gulf.

Analysis

U.S. Assistant Secretary of State William Burns said June 28 that the United States would restore diplomatic relations with Libya after a 24-year suspension. In addition, National Security Adviser Condoleezza Rice said June 27 that the United States had asked Libya for assistance in humanitarian efforts in Sudan's Darfur crisis. The Darfur region provides an excellent excuse for the United States to engage ostracized Libyan leader Moammar Gadhafi and ensure his cooperation in securing northern Africa.

The United States wants to stabilize the Mediterranean region so that it can shift attention to burgeoning difficulties in Iran and Saudi Arabia. During a NATO summit June 28, a report surfaced that the military alliance will invite six Arab states and Israel to partner with it. The partnership could ensure cooperation with the United States from the southern Mediterranean states and free it to concentrate politically and militarily on the Persian Gulf.

Because asking Tripoli to join Washington in a military effort is out of the question at this stage, the United States has chosen to involve Libya in diplomatic efforts. The stage the United States has chosen is Darfur.

Darfur, in western Sudan, has been suffering a humanitarian crisis for at least a year. A peace agreement was recently signed between Khartoum and the southern rebel groups, but fighting continues in the west between other rebels and the Arab militias, or the "Janjaweed." Approximately 350,000 people face starvation or disease as a result of near-constant attacks by the Janjaweed that have driven Darfur's citizens from their homes into refugee camps in neighboring Chad. In addition, the rainy season has begun, limiting humanitarian efforts for the refugees. The United States has pledged \$100 million in aid to the refugees, but international aid groups have accused Khartoum of blocking access to the camps.

Gadhafi is a major player in northern Africa, and his cooperation with the United States is essential in securing the area. With Gadhafi's involvement in Darfur and the re-establishment of diplomatic relations, the United States can commit to worrying about the potentially explosive Persian Gulf and -- it hopes -- enjoy relative stability in the Mediterranean.

Worrisome Signs of a Fractured Libyan Army

February 21, 2011 | 1946 GMT

Summary

Over the years, the regime of Moammar Gadhafi has tried to keep the Libyan military divided in order to prevent a coup. But doing so can reduce a military's effectiveness by putting people into leadership roles whose primary qualifications are loyalty to the regime, not military expertise. It also can entail playing personalities off of one another, both within the military and between the military and other security forces. While this can help keep a regime secure, it can also create deep rifts that can quickly widen when the regime begins to weaken.



AMMAR ABD RABBO/AFP/Getty Images

Analysis

If the regime of Libyan leader Moammar Gadhafi is to survive the current crisis and prevent civil war, it must maintain cohesion and loyalty within the army, but early signs of army splits suggest the possibility that the regime may not survive. Feb. 20 reports of army defections in the eastern cities of Benghazi and Al Bayda were followed by unconfirmed reports Feb. 21 of [military units firing on other military units](#). Libya's army chief, Abu Bakr Yunis Jabir, also reportedly has been placed under house arrest.

Army politics in Libya intersect not only with tribal linkages but also with a long-standing power struggle within the regime between Gadhafi's two sons, the reform-minded Seif al-Islam, who has long been at odds with the military elite and is now trying to take charge of the situation, and Motasem Gadhafi, the national security adviser who has close ties to many within the army elite. As government buildings come under attack in Tripoli, security forces loyal to the Libyan leader are reportedly guarding only the most critical locations in the city, including the presidential palace. If the army is being put on the defensive in the capital, where Gadhafi's strength is concentrated, the loyalty of the Libyan armed forces toward the regime -- and the survivability of the regime -- may well be in doubt.

Libya has long operated a significant military and internal security apparatus that has closely managed internal dissent. While Libya's military capability is quite limited, the country has internal security forces that are considered robust and capable. Overall, the total number of military troops and security personnel combined could be as high as 150,000, which would amount to a sizable force, given the country's population (less than 6.5 million). This would make Libya's total armed force roughly consistent with the 50:1 ratio considered desirable for manpower-intensive counterinsurgency work. In addition, the majority of the country's population is concentrated along the coast, which means that an effective application of force could be concentrated in these core areas.

Military

Two-thirds of the military's strength resides in the army, which numbers 50,000, including 25,000 conscripts. Also included in this figure is a roughly 3,000-strong elite Revolutionary Guard Corps responsible for regime security and a 2,500-strong Islamic Pan-African Legion, both of which include armored elements. The navy, air force and air defense force bring the total of active uniformed personnel to slightly more than 75,000.

A 40,000-strong "People's Militia," a paramilitary entity, effectively constitutes the army's only reserve force. It has been supplemented in the past by members of the youth corps, though neither force is considered particularly capable, organized or well-drilled. However, such militias can complicate coup attempts by standing ready to rally in support of the regime. (It is unclear how prepared the People's Militia is for this purpose.)

At least some of the branches are thought to be suffering from manpower shortages, and some units may not be at full strength. Until U.N. sanctions were recently lifted, the military had to make do with large stockpiles of Soviet military hardware -- far in excess of Libya's ability to maintain or man. While these stockpiles afford an abundance of spare parts that were often cannibalized during the years of sanctions, much of the hardware is still in storage.

The Gadhafi regime has also tried to keep the military divided in order to prevent a coup. This can often have the effect of stripping the military of much of its core expertise while leaving those whose primary qualification is loyalty to the regime in leadership roles.

Internal Security Force

The status of Libya's internal security force is more opaque. What is clear is that the regime has used this force to ruthlessly repress dissent and the growth of opposition groups. Internal security units include a series of "committees" -- Revolutionary Committees, People's Committees and Purification Committees. These units serve in part as a tool for mediation and provide a semblance of representation for the various tribes. Gadhafi's personal guard is also thought to be multilayered, with the Revolutionary Guard Corps being only one component of the force.

It is generally the police and Ministry of Interior forces that are primarily responsible for managing internal security and that are best equipped for riot control. (There are also rumors that Gadhafi has employed mercenaries in his crackdowns.) Recent reports have suggested that live ammunition has been regularly used to disperse protesters, but it is unclear whether the units involved were military or internal security personnel. There have been reports of military units deploying to Tripoli and Benghazi.

Loyalty and Dissent

Keeping a military incapable of executing a coup often entails playing personalities off of one another, both within the military and between the military and internal security forces. While this can help keep a regime secure, it can also create deep rifts that can quickly widen when the regime begins to weaken. While Libya has long proved itself capable of crushing internal dissent, such power has been possible only through a unified command loyal to Gadhafi.

One of the most telling features of the recent unrest has been reports of military units defecting to the opposition. If true, this could involve poorly led troops merely abandoning their posts or it could reflect more serious breaks within the military's leadership at a higher level.

Because Libya is largely split between two coastal zones centered on Tripoli and Benghazi, a geographic division within the military and security forces could leave Tripoli unable to enforce its writ in the east; rioting thus far has reportedly been the heaviest, and the most heavily repressed, in Benghazi. But with the prospect of higher-level divisions, there could also be infighting between factions that control significant military and interior security units.

Any one of these scenarios could have a profound impact on the security situation in Libya and on Gadhafi's ability to manage dissent.