Protests grow as Western powers, rival militias loot Libyan oil industry

Rosa Shahnazarian
24 October 2013

Over the past two years, the predatory character of NATO's 2011 war against Libya has emerged most clearly in the looting of the heart of Libya's economy: its massive oil industry. Virtually none of the frozen oil assets belonging to Muammar Gaddafi, his family and associates have been returned to Libya, and the country's oil industry is the now subject to power struggles between rival armed groups and foreign oil corporations.

Oil workers have increasingly resorted to work stoppages to make their demands for higher pay and more jobs, bringing the oil industry to a near standstill in mid-September, and leading to a loss of $7.5 billion in exports.

At the same time, the conflicts between rival tribal, religious and ethnic groups used by NATO as its proxy forces continue to devastate the country. If the major Western energy conglomerates' looting of the Libyan oil industry has not proceeded further than it has, it is largely because the profound instability and violence afflicting the country since the war has cut across their operations.

The looting began in the first days of the war, when the US and NATO froze oil revenues held in major international banks by Gaddafi and his family and associates.

Over the past two decades, only a tiny fraction of the funds expropriated from governments that had lost favor with European and American imperialism has been returned to their countries of origin. The UN and World Bank's Stolen Asset Recovery (STAR) initiative estimates that between $1 trillion and $1.6 trillion have been frozen under such initiatives since 1997. Only $5 billion of these funds were returned to their countries of origin over this period.

As Libya's oil wealth sits frozen in foreign accounts, cities and public places leveled by the NATO bombing remain unrepaired, and conditions of life have only worsened. Unemployment, particularly youth unemployment, is higher than ever.

There has been no relief from continuous poverty and joblessness. The government is unable to ensure continuous access to basic utilities such as water and electric power, or the safety of citizens and residents from the violence of rival tribes and sects stoked by the NATO war. Thousands of prisoners are held without charges and are subjected daily to systematic torture.

The past year has seen a steady increase in work stoppages at Libyan oil and gas facilities. Oil extraction reached its lowest point in the second half of August, when six ports and terminals stopped exports and oil production sank to 575,000 barrels a day. Unable to fulfill its contract obligations, the government declared *force majeure* at the four eastern terminals of Brega, Sidra, Ras Lanuf and Zuweitina on August 19.

One of the longest work stoppages took place at the Zuetina oilfield between July 1 and September 3. Workers demanded removal of the current management, holiday pay and wage increases to compensate them for high risks on the job. Oil Minister Abdulbari Al-Arusi and other government officials met with the workers in mid-July and promised to meet their demands in a month's time.

The Zuetina workers resumed gas production the next day, explaining their motivations on their Facebook page: "After the government claimed we were to blame for the recent power cuts, we decided to restart pumping the gas to prove that we are not responsible for them."

The following day, the Zuetina oil terminal was stormed and shut down once again by unemployed workers bearing arms and demanding jobs the government had promised them a year earlier.

Oil Minister Arusi responded in a press conference, insisting, “The government cannot meet all of the Zueitina strikers’ demands.” Pumping and oil shipments resumed on September 3, when locals stormed the terminal and forced protesters to move outside the port.

The government managed to negotiate the reopening of other western and central oil ports and terminals last month, but not before major energy conglomerates, such as ExxonMobil and Royal Dutch Shell, withdrew their operations from the country.

Libyan officials are trying to reassure investors that improved contract conditions will be forthcoming, with the legal and political infrastructure established to safely loot their country.

Before the second Libya Forum, organized in Tripoli by the British-based CWC Group this June to bring representatives of foreign oil companies together with Libyan officials, Nurri Berruein, head of the National Oil Company, said that the forum’s priorities included a review of the basic contract model. In the new licensing rounds, he said, “Companies can expect attractive commercial fiscal terms founded on the basis of mutual interest, win-win relationships and maximizing partnership values.”

The central government in Tripoli has not been able to re-establish control of the oil-rich eastern part of the country, where the initial NATO-backed protests that led to the war began.

Ibrahim Jadhran, a former Petroleum Facilities Guard (PFG) commander who was fired from his post for insubordination, has reportedly taken over many of the eastern ports and oilfields. As head of the Political Bureau of the Cyrenaica Transitional Council, Jathran has demanded greater regional autonomy.

The government has responded by accusing the eastern guards of attempting to sell oil behind its back and warning that it would use force to prevent illegal sales. Libya’s prosecutor general has also issued a warrant for Jadhran’s arrest.

The government fears that the conflict with eastern guards could turn into an all-out war with the Al Megharba tribe, of which Jedran is a member. At the investor’s conference in London last month, Libyan Prime Minister Ali Zidan pleaded with British Prime Minister David Cameron for greater Western assistance in building up the army and police to bring the country’s oil industry back under the control of the central government.

An Jadhran went on television on September 22 to announce that Naji Mukhtar, head of the congressional Energy Committee, had tried to bribe him with 30 million Libyan dinars to resume production in the east. Mukhar has claimed the money was his own and he was not acting with the direction and knowledge of the government. He has been withdrawn from any active role in negotiations and faces an internal congressional investigation into the bribery allegations.

This is just one of a series of scandals in recent months that have shattered what little semblance of unity remained in the NATO-installed puppet regime. In September, several members of congress accused members of the Justice and Construction Party of making illegal oil deals with the Muslim Brotherhood. Congressman Tuati Al-Aidha, one of the accusers, has been forced to resign from congress and the other accusers remain under investigation.

The International Monetary Fund published the findings of its official staff visit to Libya in July, reprimanding the government for granting public employees a pay raise. In response, a number of Libyan officials scrambled to distance themselves from the move and from Prime Minister Zidan’s government. There have been repeated calls for Prime Minister Zidan’s resignation in recent months, culminating in his kidnapping for several hours earlier this month, apparently in retaliation for the US operation to kidnap Abu Anas al-Liby.

At a Sunday press conference, Zidan said that militias and various unnamed forces had infiltrated the army and police force and were preventing them from being rebuilt. Consequently, he said, Libya was not a state “in the normal sense of word.”