

Terrorism Monitor

In-depth analysis of the War on Terror

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Afghanistan: Taliban Moves Quickly to Name New Leader

Alexander Sehmer

Taliban leader Akhtar Mohammad Mansour was killed in a US drone strike early on May 21, a move that might have initiated the Taliban's second leadership crisis in less than a year, but the group quickly appointed Maulvi Haibatullah Akhundzada as Mansour's successor.

Mansour was killed, along with his driver, while travelling in a Toyota Corolla on a highway through Quetta, in Pakistan's restive southwestern province of Baluchistan ([Dawn](#), May 22). Pakistan's President Nawaz Sharif labeled the drone strike a violation of his country's sovereignty ([Dawn](#), May 23). While the incident is the first drone attack inside Baluchistan, there have been plenty of strikes in Pakistani and Afghan territory in the past. Furthermore, a statement from Pakistan's foreign ministry indicated Pakistani officials, the president included, had been made aware of the strike in advance ([Dawn](#), May 22).

Interestingly, Mansour appears to have been killed while returning from Iran, having travelled there on a Pakistani passport under the name Wali Muhammad ([Gandhara](#),

May 22). His passport was found to contain a valid Iranian visa. An Iranian connection is not unexpected. Iran's Quds Force was long suspected of supplying the Taliban with weapons for use against coalition forces in Afghanistan. Since the withdrawal of Western combat troops in 2014, Tehran has likely seen the Taliban as a useful and effective way of tackling Islamic State in Afghanistan.

The speed with which the Taliban announced Akhundzada's appointment – he took over as leader in under a week – was likely a move to avoid a repeat of the leadership crisis the group has faced since July 2015 with the death of Mullah Omar, a development that was kept secret from the group's foot soldiers for two years. It also heads off any setbacks to the Taliban's recent offensive, which has seen it gain ground in Afghanistan's north, including around Baghlan's provincial capital ([Tolo News](#), May 14).

U.S. officials appear to hope Mansour's killing will make peace talks with the Taliban easier. That seems optimistic. Akhundzada and his deputies – Sirajuddin Haqqani of the Haqqani network and Mullah Yakoub, the son of Mullah Omar – are no keener on peace talks than Mansour was, and the Taliban's current strength means it has little incentive to negotiate.

Divisions could still emerge within the Taliban. Mansour had only just begun to consolidate his position, seeing off a series of challenges including from rival Mohammad Rasool Akhund, thought to have been a close friend of Mullah Omar. While splitting the Taliban among different leaders – which may be what Afghan and U.S. officials hoped for by removing Mansour – could perhaps see a faction emerge that is less implacably opposed to talks, it would seem to be a dangerous game.

Niger: AQIM Target French Uranium Mine

Alexander Sehmer

Al-Qaeda in the Islamic Maghreb (AQIM) claimed a rocket attack on French nuclear company Areva's Somair uranium mine in Arlit, Niger on May 24 ([Alakhbar \[Mauritania\]](#), May 24). No injuries were reported as a result of the attack.

In a statement released on social media, the group attributed the attack to its al-Nasser Brigade, saying the attackers had used grad rockets and proclaiming they had carried out the operation successfully despite tight security measures at the mine. The group's statement also included references to "the Crusader thieves" who "plunder" the country's resources, echoing the rhetoric it used in March after its rocket attack on Algeria's In Salah gas field, a facility run jointly by BP and Statoil (see [Terrorism Monitor](#), April 1).

AQIM has increasingly partnered with local jihadists to carry out its attacks. The rhetoric of resource nationalism is both a reflection of this and an attempt to play on local discontent, which is easy to do in a place where the local population has seen little evidence of the mineral wealth their country generates. Earlier this month Areva faced down strike action at Cominak, its other uranium mine in the country, ostensibly over bonus payments ([Pulse.ng](#), May 3; [Reuters](#), May 2). Workers claimed they had received only part of the promised payments, while the management said an earlier agreement meant the remainder of the bonus was subject to shareholder approval.

AQIM appears to have been careful to specifically target the mining facility, avoiding civilian casualties. The mine was attacked once before in 2013; the bomb blast killed at least one person and injured 14 others. The government blamed the attack on MUJAO, the Movement for Oneness and Jihad in West Africa, which had by then split with AQIM ([Le Sahel](#), May 23, 2013). Other reports attributed the blast to Mokhtar Belmokhtar's outfit ([Middle East Online](#), May 24, 2013).

The French maintain an intelligence base in Niamey, Niger's capital, as part of 'Operation Barkhane', its 3,000-strong regional anti-terror force. The initiative began in August 2014 with the intention of bringing together counterterrorism efforts in five countries across

the Sahel. But with weak state institutions, a high-level of corruption, and endemic poverty – as well porous borders and vast areas of sparsely populated land – Niger remains an attractive operating environment for AQIM.

Oman as a Counter-Terrorism Model for the GCC States

Alexandria Caputo

Omani youth, according to one recent poll, see the ideology of Islamic State (IS) as the largest obstacle facing their Gulf nation ([Times of Oman](#), April 16). The survey, conducted by international polling firm Penn Schoen Berland, found that young Omanis – and indeed many Arab youth across the Middle East – are far from open to the violent organization that has increasingly exploited vulnerable populations on a global scale.

Despite the fears of IS' violent ideology, peaceful Oman scored a zero on the on the 2015 Global Terrorism Index (GTI), a survey that looks at four indicators: the total number of terror incidents, fatalities caused by terrorists, injuries produced, and the measure of total property damage from terrorist incidents within a given year ([Institute for Economics and Peace](#), 2015). Qatar was the only other Gulf nation to score similarly. The GTI, however, makes no determination of how many people have been radicalized and recruited to militant causes within a state. Qatar has seen at least 15 of its nationals joined IS, leaving Oman as the Gulf State's safest nation ([Gulf News](#), November 2015).

This article looks at the reasons for Oman's success and asks if the oft-overlooked Gulf State can, under Sultan Qaboos bin Said, serve as a counter-terrorism model for other members of the Gulf Cooperation Council (GCC).

Modernization Drive

Sultan Qaboos came to power in 1970 in a British-backed coup. His rise ushered in what has been described as Oman's "modern era" ([IBT](#), November 28, 2015). Prior to this, Oman's southern Dhofar Governorate had adopted the Marxist-style ideologies of South Yemen, but Qaboos' takeover took the country in another direction. He worked to modernize the nation. He bolstered the country's infrastructure and tackled the under-development, poverty, and ethnic divisions that had existed under his father, Said bin Taimur, eroding the conditions that might have allowed radicalization to find purchase. The education sector was reformed and properly funded, and the country's then-separate northern and southern regions were brought together and

sealed under the Sultanate of Oman (Country Studies, 1993).

Such reforms have created an environment where it is tough for radicals to take hold, despite the presence of militant groups in neighboring Yemen and Saudi Arabia.

Despite economic and structural reforms, Oman remains a socially conservative nation, whose citizens strive to protect their values and traditions in marriage and religious practice. Nonetheless, Omanis expect equal treatment and pay, regardless of gender. State interference in citizens' lives is limited, particularly in terms of employment and expression of faith, in contrast to, for example, the *mutaween* of Saudi Arabia. The Omani government does not record statistics regarding the religious practice of its population, although in this case noninterventionism in the personal affairs of citizens appears to arise largely as a result of a lack of interest (Gulf State Analytics, June 17, 2015).

The Ibadi Influence

The dominant school of Islam in Oman is Ibadism, an Islamic religious philosophy that predates both the Sunni and Shia sects of Islam and is known for its tolerance of other faiths. Sunni and Shia minorities exist in Oman without the tension seen in other Middle Eastern and North African nations (Gulf State Analytics, June 17, 2015).

As a 75 percent majority population, the Ibadi faith and teachings has affected the formation of law, ranging from forbidding proselytization to moderating the application of the death penalty. Ibadism is also reflected in Oman's foreign policy, giving the country a distinctively tolerant position on the global stage.

As a result of the Ibadi tradition, Oman works to prevent radicalization by promoting freedom of thought and belief, although this remains marred by social pressures and state censorship of the media (The US-Middle East Youth Network, March 18). Opinions on God and the government, and Sultan Qaboos in particular, remain taboo subjects to criticize since such views can be seen as aggressive (Human Rights Watch, 2016). This month an Omani journalist was arrested for expressing his political beliefs, sparking debate over the Sultanate's real views on freedom of speech (Gulf News, May 13).

Anti-Terrorism Laws

Despite a high degree of tolerance for religious expression, Oman has put in place robust anti-terrorism legislation. In April, the Shura Council approved amendments to the Anti-Money Laundering and Financing of Terrorism Acts, which target money laundering and the financing of terrorism (Gulf News, April 4). The move is an attempt to confront terrorist activity at a grassroots level, tackling financiers of criminal activity and bolstering the ability of law enforcement to track down offenders. Heavier penalties and longer jail sentences have also been put in place under the amendments (Gulf News, April 4).

With violent radical groups harbored in neighboring countries, Oman is also concerned with the protection of its own borders. The crisis in Yemen, however, demonstrates that the Omani leadership would prefer to act as a mediator than institute military force. Oman is the only GCC nation that has yet to join the Saudi coalition in Yemen. Instead, it has taken a role in critical negotiations between the Yemeni government and rebel forces, as well as talks between the United States and representatives of Yemen's Houthis. The Sultanate has even brokered the release of hostages held in the country (Al Arabiya, May 23).

While Oman is not a proponent of hard power on the international stage, its diplomats continue to play a role in counterterrorism in the international arena. This was affirmed recently by the Sultanate's presence at an international conference on the subject in Geneva last month (Time of Oman, April 10).

Stable Foundations

Despite being situated in a conflict-prone region, Oman, through persistent initiatives to bolster education, boost societal development and maintain the integrity of its borders, has avoided terrorist attacks and the radicalization of its nationals.

Modernizing efforts have helped meet the population's social and economic needs without uprooting Omanis from their culture and heritage. Non-interventionist foreign and domestic policies are at the forefront of Oman's security policies. It has forged a position as a mediator, not only for the GCC but for Western nations as well, recently hosting talks between American and

Iranian officials in relation to the Iran nuclear deal ([Al Monitor](#), April 29).

While not every nation can effectively play the role Oman has carved for itself, Oman's success in maintaining domestic stability in a troubled region should make other Gulf nations take note.

Alexandria Caputo is to obtain her Masters degree in International Security at Charles University in Prague.

The Zainabiyoun Brigade: A Pakistani Shiite Militia Amid the Syrian Conflict

Farhan Zahid

Since the outbreak of Syrian Civil War in 2011, a plethora of violent Islamist groups have surfaced in various parts of the country, some fighting for the Syrian regime of Bashar al-Assad, and many fighting against it. According to an estimate from the Soufan Group, nationals from 81 different countries are fighting in Syria ([Soufan Group](#), 2014). Some have come to defend their sects; others are proxies for foreign interests or have been recruited as mercenaries. As the conflict has grown increasingly sectarian, these foreign fighters have also become divided along sectarian lines, with a number of *liwas* (groups) named after Shia and Sunni heroes, often from the early Islamic period.

Pakistani jihadis were latecomers to the Syrian conflict, but began to appear in 2013 in response to a rocket attack by Salafi militias on the shrine of Zainab in Damascus. That attack – comparable for many Shia to the destruction of the Church of Holy Sepulcher by Fatimid Caliph Al-Hakim Amr-Allah, in 1009, an event that paved the way for the Crusades – was the impetus for the formation of the Zainabiyoun Brigade.

Pakistani Fighters Join the Syrian Conflict

The involvement of Pakistani jihadists in Syria is of little surprise. Pakistan itself has been experiencing Sunni-Shia sectarian violence since at least 1986, and violence has hitherto claimed 9,904 lives in 3,021 incidents of sectarian attacks. [1] Though various sects of Sunni-Islam (Deobandi, Barelvi, Sufi, and Salafi/Wahabi) are in a majority in Pakistan, Shias make up about 20 to 25 percent of the population. Pakistan's proximity to Iran in the southwest provides Shia Muslims a base of support against a heavy Sunni influence in Pakistan.

By 2013, a number of Pakistani Shias were already keen to join the fight against the ideologically Salafist Islamic State (IS), a result of IS' campaign of destruction targeting Shia holy shrines in Syria and Iraq. The 2013 rocket attack by IS on the Sayeeda Zainab mosque in central Damascus, which destroyed the outer walls of the shrine

of Zainab, the sister of Imam Hussain and granddaughter of Mohammed, provided the catalyst; a new militant unit of Pakistani Shias, the Zainabiyoun Brigade, was raised with Iranian support. [2] Up until this point, the security of the tomb of Zainab was the responsibility of the Liwa Abul Fadl al-Abbas, which was comprised of Iraqi and Syrian Shia volunteers. This iwa was also responsible for securing holy shrines in Aleppo where its rival, the Harakat Nour al-Din al-Zenki, a brigade affiliated with IS, inflicted a crushing defeat on it in May 2014.

The Zainabiyoun Brigade

According to the Zainabiyoun Facebook page, volunteers must be between 18-35 years of age and physically fit. They are offered up to Rs. 120,000/ (\$1200) as a monthly salary with 15 days of holidays after three months. Their current strength is estimated to be 1,000 fighters (Express Tribune [Pakistan], December 11, 2015). Many fighters are from the Shia-dominated Parachinar, in the Kurram district of Pakistan's lawless Federally Administered Tribal Areas (FATA). Some are ethnic Baluch are also fighters, although it is unclear whether they hail from Pakistani or Iranian Baluchistan (al-Akhbar, March 29, 2013).

The Zainabiyoun Brigade has been largely restricted to Damascus where scores of its fighters were supposedly killed while defending the shrine of Zainab. [3] In another battle on April 9, 2015, another seven were killed defending the Imam Hasan Mosque in Damascus. The Brigade has also fought alongside Syrian forces in the Darra region, in southern Syria (MEMRI, May 5, 2015).

The primary recruiters, financiers, and handlers for the Pakistani fighters in Syria are the Iranian Revolutionary Guard Corps (IRGC) and Al-Quds Force, which back the Syrian regime and have helped secure Shia cities such as Latakia, Aleppo, and Damascus.

Iran has previous experience from recruiting Afghan Shia from among the three million strong Afghan refugees in Iran. Though many of them joined the war for sectarian reasons, others were offered Iranian citizenship and handsome salaries of up to \$1,100 (Al Jazeera, January 22). They received training from the IRGC in Iran and Syria, and assembled in a separate unit known as the *Fatimayoun*.

At least six fighters from the Zainabiyoun Brigade died in fighting in March 2016 and were buried in the Iranian holy city of Qom (Farda News, March 3). On April 23, in a separate battle, five more Pakistanis were killed and later also buried in Qom (Radio Free Europe, April 25, 2015).

Anti-Shia Violence in Pakistan

In Pakistan, anti-Shia attacks have been directed in response to the establishment of the Zainabiyoun Brigade. A bomb blast in downtown Parachinar, a Shia majority town in Kurram district of tribal areas, in December 2015 killed 23 people and wounded 30 others. Lashkar-e-Jhangvi (al-Alami Faction), the anti-Shia violent group, claimed responsibility. In a statement, the Islamist group's spokesperson Ali Abu Sufyan said the attack was "revenge [for] the crimes against Syrian Muslims by Iran and Bashar al-Assad" and a warning to the people in Parachinar to "stop sending people to take part in Syrian war" (Express Tribune, December 13, 2015).

Pakistan's Sunnis have also committed fighters to Syria. An IS cell in Sialkot, which was busted by security forces in 2015, was in direct communications with IS leaders and had sent more than 100 Islamist militants to fight alongside the IS forces in Syria and Iraq (NDTV, January 5). Those arrested were previously part of the Salafi Islamist group Jamaat ud Dawa. Besides the Sialkot cell, two other cells were uncovered in Karachi and Islamabad in 2015.

IS has found that by playing the anti-Shia card it can win support from among anti-Shia groups in Pakistan and elsewhere. The presence of IS in Pakistan – which until recently had been denied by the Pakistani government – as well as continued sectarian violence means the membership of the Zainabiyoun Brigade is likely to grow.

So too, Iran will likely support a large role for the Zainabiyoun Brigade. It appears eager to bolster the ranks of Pakistani and Afghan Shia militants in Syria, as it seeks to roll back some of its involvement in the fighting.

Farhan Zahid writes on counter-terrorism, al-Qaeda, Pakistani al-Qaeda-linked groups, Islamic State, jihadi ideologues and the Afghan Taliban.

Notes

[1] Figures taken from the [South Asia Terrorism Portal](#) database.

[2] Telephone Interview with Syrian refugee in Brussels, Belgium (May 4, 2016)

[3] Telephone interview with Syrian refugee in Brussels, Belgium (May 18, 2016)

Libya's Economic Crisis: Bringing the Oil Sector Back on Track

Dario Cristiani

Getting Libya's economy back on track is fundamental to the country's future. With the Government of National Accord (GNA) finally working from inside Libya and Fa-jez Sarraj in place as the new prime minister, many foreign powers hope the situation is finally improving ([al-Jazeera](#), May 17). Libya's economic wellbeing, however, is tied to its oil sector. Once highly centralized under Muammar Gaddafi, control of the oil sector has become fragmented, informal, and localized. Local groups seek to control oil assets with a view to securing revenues and acquiring political clout, while Islamic State (IS) fighters aim to foster chaos by dismantling the country's oil infrastructure.

The geographical distribution of Libya's oil, the country's primary economic resource, is unbalanced. The country's largest oilfields, refineries, and terminals are mostly located in the east, which has historically accounted for almost 70 percent of national production. As a result, following the collapse of the Gaddafi regime, forces in the east increasingly demanded a greater share of oil revenues. These forces were the main protagonists of the oil blockades that began in 2013, the point at which Libyan production started to collapse, creating the conditions for economic crisis.

By the end of 2015, the Libyan economy had been in recession for three consecutive years. Real GDP shrank by 10 percent, according to World Bank figures, having dropped by 24 percent in 2014. In 2015, oil production fell to 0.4 million barrels per day (bpd), representing barely a quarter of the potential output for Libya – production was at 1.6 million bpd before the eruption of conflict. This has had a knock on effect for Libyan public finances, which are highly dependent on oil revenues. The balance of payment, as well as the fiscal balances, has collapsed owing to the declining oil exports, and Libya has posted a twin deficit over the past three years. The non-hydrocarbon sector also remains fragile, suffering from supply chain disruptions and a lack of investment.

The Politics of Libyan Oil

The Libyan economy is entirely dependent on oil. The country is a typical example of what economists term the “rentier state,” as its economy depends entirely on the rents it can extract from its natural resources. Libya has the biggest proven oil reserves of the entire African continent - 48.4 thousand million barrels as of the end of 2014, according to BP 2015 Statistical Review of World Energy. [1] According to the IMF’s calculations, under normal conditions, oil accounts for 70 percent of GDP and represents more than 95 percent of Libya’s exports. [2]

Libya’s oil industry has historically underwritten its enormous public sector. Public jobs under Gaddafi were – and indeed still are today – a way of buying social stability, making Libya’s stability dependent on its oil revenues. Control of the oil resources allows the country’s rulers to reward loyalty, co-opt potential competitors, and crush dissent. It was the imperialistic exploitation of Libyan natural resources under King Idris that was one of the main grievances fuelling the putsch that brought Gaddafi to power in 1969. Under Gaddafi the situation changed slightly, but the clientelist system remained in place. Gaddafi simply changed which tribes and groups benefited from the oil wealth.

Under Gaddafi, control over the Libyan sector was highly centralized. Oil revenues served the regime to support its patronage network and to buy the acquiescence of the population, but the ‘trickle-down effect’ remained limited. Only a tiny part of this wealth reached ordinary Libyans. Gaddafi opened up the sector further to international oil companies only when it had become clear his peculiar socialist approach was jeopardizing the economy and had left the Libyan oil industry in a state of disarray. As the 2011 revolution got under way, Gaddafi made efforts to couch the revolution in terms of a Western plot to take over Libyan oil interests ([RT](#), March 16, 2011).

The Situation After Gaddafi

Following Gaddafi’s fall, the different militias on the ground managed to swiftly recover oil production. In a matter of months, Libya was able to pump as much oil as it had before the eruption of the conflict. Payments to the foreign companies were timely, and the overall sector did not suffer any significant disruption.

By 2012, however, as Libya’s post-revolutionary settlement proved fragile and the relations between the different rebel groups that toppled Gaddafi soured, the fragmentation that was increasingly characterizing the political landscape became apparent in the oil sector as well. Rebel groups controlling the areas in which oil installations and terminals were located used their territorial control to bolster their political status.

Ibrahim Jadhran was possibly the key revolutionary leader in this respect. Originally from Ajdabiya and a member of the Magharba tribe, he rose to become the leader of the Petroleum Facilities Guards (PFG), a role he used to enforce the blockade of oil ports in the east in 2013. He also tried to sell oil on his own, although that attempt failed ([Slate Afrique](#), March 13, 2014; see also [Terrorism Monitor](#), April 4, 2014)

While Jadhran is considered closer to Islamist groups, he played on local social concerns, noting that Cyrenaica had historically been neglected by Tripoli despite providing the bulk of the country’s oil revenue. Jadhran later aligned himself with General Khalifa Haftar, but the two split. He has now pledged allegiance to the new Sarraj government of which Haftar is one of the key opponents ([Libya Herald](#), March 31; [al-Wasat](#), January 6; see also [Militant Leadership Monitor](#), January 2014).

Jadhran’s forces are mostly located in the east, though they have a limited presence in the rest of the country. Evidence suggests the PFG is simply a collection of small groups of militants that remain loyal to Jadhran.

Control of the Oil Installations

Conflicts concerning the control of Libya’s oil sector are also raging in the south, where they overlap with other long-standing grievances and the struggle for the control of the Trans-Saharan smuggling routes. Tubu leaders, such as Ali Sida and Barka Wardougouhe, have made clear that they want a fair share of oil revenues. The Tubu, who had been discriminated against under Gaddafi and have historical tensions with the Arab and Bedouin tribes of southern Libya, now control the areas of the oil basins of Mourzouk and Ghadamès.

Fearing marginalization, they allied themselves with groups from Zintan and the Tobruk government. In return for their support, the Tubu were granted access to

the Sharara oil field. That, however, brought them into open conflict with another of their long-standing rivals, the Tuaregs, as groups of Tuareg who supported the Tripoli-based government had been put in charge of Sharara by Misrata militias ([al-Jazeera](#), June 22, 2015; [Mondafrique](#), January 27; [Libya Herald](#), February 17; [Jeune Afrique](#), March 12, 2012).

In this context, the emergence of IS as a significant security threat within Libya has added a new dimension to the problems associated with oil production. IS established a presence in Libya in 2014 and has slowly strengthened its position (see [Terrorism Monitor](#), March 20, 2015). Over the past few months, the group has increased the number of attacks against oil installations in Libya ([Le Monde](#), January 1), January 7; [Al-Monitor](#), May 19). In Syria and Iraq, it has taken control of oil fields and obtained revenues from oil sales, using the same smuggling routes that the old Iraqi Baathist regime used to avoid Western sanctions (See [Terrorism Monitor](#), October 10, 2014).

In Libya, however, IS has been unable to do this. It is much more difficult in Libya to sell oil outside of the official NOC channels. In contrast to Iraq and Syria, Libya exports its oil and gas mainly through ships and pipelines. Its smuggling channels, which run from the coast deep into the south, are not a practical route for oil barrels. Anyway, they are controlled by Tubu, Tuareg, and Arab Bedouin tribes who would be unwilling to cede control to IS. Such a move would also bring IS into conflict with militants associated with Al-Qaeda in the Islamic Maghreb (AQIM), which has been working in the wider Saharan/Sahelian region and has built significant contacts with local stakeholders over the past ten years.

These logistical difficulties mesh with the wider political agenda of IS. The group has clear regional and global ambitions, but these are secondary – at least on a tactical level – to the interests the group has in the Syrian-Iraqi theatre. Events in Libya should be seen through this lens. IS has no interest in becoming a proper Libyan actor with a stake in the ongoing negotiations to reach a political solution there. Indeed, IS hopes to nurture the chaos in Libya through its own peculiar form of economic jihad. This is not a purely IS phenomenon, but it is an operational evolution that has characterised the wider jihadist world. Other examples are the 2013 jihadist attack on In Amenas in Algeria, and the AQIM attacks against oil installations in Yemen over the past decade.

As such, IS in Libya is acting to strengthen its brand and status and reduce pressure on its operations in Iraq and Syria, where the bulk of its interests still lie. In contrast to local militant actors, IS has an interest in destroying oil platforms and terminals to undermine Libya's economy. In the short-term, the group's threat to oil production and the industry's physical assets, such as platforms and pipelines, is substantial. Its presence is also a deterrent for companies looking to invest in Libya.

Structural Concerns

Looked at in the medium-to-long-term, however, IS is not the most significant threat to Libya's oil sector. Oil companies are used to operating in volatile environments. While IS appear more dangerous than other extremist groups, many companies do not consider them a structural impediment, but merely a risk that pushes up operating costs due to increased security spending.

For the long-term, Libyan authorities must address a number of aspects to strengthen the competitiveness of its oil sector, including possibly revising its Exploration and Production Sharing Agreements (EPSAs). The ESPA IV, imposed on the oil companies by Gaddafi, constituted what Bob Fryklund, the president of ConocoPhillips in Libya from 2005-2006, called the "toughest terms in the world," when he opened Libya up to foreign investments ([Wall Street Journal](#), April 15, 2011). At the time, rising global oil prices meant oil companies were willing to accept the terms, but that has now changed. Although global oil prices are rising again after two years, it is likely that the era of \$100 a barrel is over. One of the recurrent topics of debate among the Libyan elites immediately following the revolution was reform of ESPA IV ([Libya-businessnews.com](#), December 13, 2012).

Lack of Capacity

As Prime Minister Sarraj has stressed, the Libyan economy needs to recover if there is to be a transition to a more stable order. Without security, however, it is difficult to promote economic growth, and the oil sector's problems are significant.

Libya's oil sector has suffered three years of protests, blockades, political maneuvering, and local rivalries, as well as weathering the ups and downs of the global oil

market. Furthermore, the sector's significant structural problems have yet to be addressed, and the rise of IS in Libya has created a new security threat to the industry as the group pursues an economic jihad to foster chaos in Libya. While the security threat remains an immediate concern, structural issues within the oil sector, if not addressed, could represent the greatest impediment Libya's development over the long term.

The interplay of these short-term security threats and medium- and long-term problems represent a significant burden for the future of the Libyan oil sector. To be addressed, these challenges need the kind of institutional and governance capabilities that Libya at present cannot provide, and which Sarraj will need time to develop.

Dario Cristiani is an adjunct professor in international affairs at Vesalius College in Brussels and a freelance political risk consultant working in London.

NOTES

[1] BP Statistical Review of World Energy, June 2015, p.6

[2] Ralph Chami et al, Libya beyond the Revolution: Challenges and Opportunities, Washington DC, International Monetary Fund, 2012