HOUSE OF COMMONS

Foreign Affairs Committee

Oral evidence: The UK's engagement with the Middle East and North Africa, HC 300

Tuesday 30 January 2024

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Watch the meeting

Members present: Alicia Kearns (Chair); Dan Carden; Fabian Hamilton; Mr Ranil Jayawardena; Brendan O'Hara; Bob Seely; Royston Smith; and Graham Stringer.

Questions 192 to 220

Witnesses

I: Farea Al-Muslimi, Research Fellow, MENA Programme, Chatham House; Helen Lackner, former Visiting Fellow, European Council for Foreign Relations, and former Research Associate, SOAS; Dr Elisabeth Kendall, Mistress, Girton College, University of Cambridge, and former Senior Research Fellow in Arabic and Islamic Studies, Pembroke College, University of Oxford.

II: Tim Eaton, Senior Research Fellow, MENA Programme, Chatham House; Peter Millett, former UK Ambassador to Libya; Denisse Rudich, Director, Rudich Advisory, and Adviser, The Sentry.

Examination of witnesses

Witnesses: Farea Al-Muslimi, Helen Lackner and Dr Elisabeth Kendall.

Chair: Welcome to this session of the Foreign Affairs Committee, where we will be looking at Libya and Yemen. We have three fabulous guests this afternoon. Dr Kendall, do you want to kick off by kindly introducing yourself?

Dr Kendall: I am Dr Elisabeth Kendall, mistress of Girton College at the University of Cambridge. My speciality is Arabic poetry, but with a high concentration these days on Yemen, politics, warfare and extremist jihadism.

Helen Lackner: I am Helen Lackner. I have been involved in Yemen for 51 years. I have lived in the three Yemeni states that have existed in that period. I have written a number of papers. I have a 15-page publication list, and my two most recent books are the two I am holding up now. Other than politics and society, I am particularly concerned with environmental issues, and water in particular. I am currently working on a book on Saudi Arabia.

Farea Al-Muslimi: My name is Farea Al-Muslimi. I am a research fellow in the Middle East and north Africa programme at Chatham House, where I cover Yemen and the surrounding region, and that relationship. Prior to that, with the support of Dr Kendall and of Helen, I co-founded the Sana'a Center for Strategic Studies. I was first chairperson until 2022. Since 2012, I have covered various research topics in Yemen, mostly around airstrikes and foreign military intervention. I have covered US drone strikes in Yemen and their humanitarian impact, the Emirati-Saudi-led coalition, and recently the UK-US one.

Q192 **Chair:** Thank you all ever so much. Dr Kendall, we have seen a lot of, shall we say, desire in western media to paint the Houthis as some kind of rebel movement whose cause is the Palestinian people, who support the Yemeni people, and who are rising up out of an altruistic desire to stand by their brothers and sisters in Gaza. Can you give us a quick overview of who the Houthis really are?

Dr Kendall: The Houthis are a group that is, at once, political, military and religious. They emerged in the 1980s as a reaction to what they perceived, probably correctly, as their marginalisation economically and religiously. There was a lot of missionary activity by Salafi groups in their areas, and they wanted to push back against that.

They are probably not accurate when they say that their main motivator is standing up for the Palestinians, although this is a useful hook for them. Just going back to the religious point, it is quite important to mention that they are a Shi'i subset of Islam, but not precisely the same kind as in Iran. They have differences over succession to the Prophet Muhammad, so they diverge from Iran when it comes to the fifth imam.

You could suggest that the Zaydis, which is their group, are more moderate than Iran in the sense that they do not want to take over dominance of the whole Islamic world—at least not in practice, until perhaps more recently. But the Houthis and the governing Houthi family have become increasingly supremacist, which has been particularly the case over the last decade.

If I just had to sum up, the things that might concern this session are the fact that the Houthis turned into a much more militant group from 2004, when they launched six wars between 2004 and 2010 against the Yemeni Government. In the last of those wars, Saudi Arabia joined in. They joined in the revolution in 2010-11 and the national dialogue, but did not get what they wanted out of that. They took over the capital in September 2014, the war erupted on a more regional and international basis in 2015, and they have been at war ever since.

They are highly militant. Their politics is related to their religion. Their political arm is called Ansar Allah—Partisans of God—and there is an increasing religiosity within the movement to the extent that their leader, Abdul-Malik al-Houthi, the brother of their slain leader, Hussein al-Houthi, who was killed in 2004, now speaks as though he is the word of God.

Q193 **Chair:** Ms Lackner, in terms of that supremacy, how much authority do the Houthis have over the territories that they control? When we look at the effectiveness of their governance, is there a functioning economy? What is the political economy? Do they have full military control? Can you give us an overview of the areas that they control and what it looks like?

Helen Lackner: The first thing to note is that they control about two-thirds of the country's population, and only about one-third of the area, so it is the most populated areas that they control. Their control is extremely firm. They rule with an iron fist. They are totally intolerant of any form of disagreement with their views. Freedom of expression is most definitely not one of their operating principles. Allowing women to act as normal human beings is another one that is not part of their principles.

They control through a very repressive and effective regime. Because Yemen was a very centralised country, they inherited all the Ministries, and most of the people working in them stayed there, so they got hold of the administration. Economically, they are very dependent on three main elements. The first one is taxing anything that moves and anything that does not move. "Taxing" is a polite way of putting it; in some cases, you could call it extortion rather than taxation.

They are also now extremely dependent on the fees and customs duties from anything that comes in. Here, let us remember that 90% of Yemen's basic staples are imported—not all food, but staples such as rice, wheat, tea, sugar, et cetera. That is an extremely important element of their control. Since the blockade was reduced on Hodeidah, they are now

forcing ships to arrive there, so they get that income directly, whereas they used to collect it on the former borders between the two countries.

Their control is extremely firm and, at the moment, unarguable. Officially, their Government includes the General People's Congress of the previous regime, the Yemeni Socialist Party and other parties, but it has been clearly demonstrated to members of those parties that keeping extremely quiet and agreeing with everything that the Houthis say is the one and only form of survival.

Q194 **Chair:** Mr Al-Muslimi, there are people suggesting that we should recognise the Houthis as the legitimate Government of Yemen. Do you agree?

Farea Al-Muslimi: First, in addition to what my colleague said, the way I think about the Houthis is as a combination of the Taliban, North Korea and FARC, as well as other similar groups. They are like the Taliban, because their worldview is extremely radical, but in the Shi'a sect of Islam. They are like FARC, because they existed partially due to the destruction of political parties and political life overall in Yemen. They are also like North Korea, since they have no problem going very maximalist anywhere, whatever the price is, so you do have that problem with it.

The question of the Houthis is not a problem of recognition—it is more than that. Not just the UK's but the entire West's diplomacy toward the Houthis has been not to recognise them, but, in a way, to normalise with them, which is more dangerous. The way that the West understands diplomacy is as this feudal system of hierarchy, with one feeding into the other, and recognition goes within that. For the Houthis, what happened is that no one recognised them, but everyone submitted, for example, to the UK's and others' aid systems in areas under their control.

Even in Arabic, what is much more problematic is that normalisation is worse than recognition, which is the current UK policy and that of the international community overall. It has normalised with the Houthis, and recognition there does not really matter. People do not go to elections to give it their approval, so they do not, at the end of the day, worry about public opinion or polling. Let us not forget that they took power by force in a violent coup in September 2014. That is the reality that we are dealing with in a mixture of disturbing things that no one has managed to handle very well.

Dr Kendall: I just want to make a couple of points in addition to what my colleagues have said. First, if we are talking about the current structure of Houthi power, it is not compatible with representation or a consensual Government. That does not mean that there could not be an alternative. It just would not be under the current Houthi family premises.

The other two points to make are just a couple of myths that it is important to bust. One is that the Houthis are trying to restore a state

that they used to control in Yemen. The imamate existed only from 1918 until 1962. There were leaders on and off for many centuries in Yemen, but that was a very distinct corner of Yemen. It was not the whole of Yemen and it was not a state, except for 40-odd years.

Chair: That is very helpful. Thank you so much.

Q195 **Royston Smith:** Helen, can I come to you and move us on to the internationally recognised Government of Yemen? Do they have a realistic social and economic programme? Are they any more organised than the Houthis in the north?

Helen Lackner: Unfortunately, the answer to that question is no. Although the Houthis have internal differences, they are a coherent entity that runs their section. When you look at the internationally recognised Government, you are looking at a completely fractured and fragmented set of entities, with different groups controlling different areas and in competition with each other.

At the moment, its leadership is formed of this Presidential Leadership Council, which was established in April 2022 and whose members were selected by the Saudis and the UAE. There are eight of them. They are, of course, all men and are competing among themselves. What I used to say—if you look back at Yemeni history, it is not entirely comical—is that I would not advise them being allowed into a meeting with their guns, because they might well shoot each other. This has happened in the past.

There are different groups. The nephew of President Saleh controls one area. One of the southern separatist groups controls another. They claim all of the former PDRY or former British area, but they are only one of many separatist groups. President al-Alimi and some others are controlling other bits. There is no coherent system.

They have a set of Ministers. There has been talk of replacing the Prime Minister since the day he came to power, more or less. I ignore all the rumours to that effect until something happens, because, every few months, they emerge and a whole host of candidates are mentioned, and then they forget about it for a few more months.

They have no money. They lost their oil revenues in November 2022. Their income has now reduced from the port of Aden, because most of the stuff goes to Hodeidah. They are extremely dependent on the Saudi and Emirati funding of the central bank, which is systematically delayed and way below their requirements.

They are not effective. You cannot say that you have the Houthis on one side. In my writing, I have stopped saying "the Houthis" and "the IRG", and now say "the Houthis" and "the anti-Houthis", because the anti-Houthis are a whole series of elements that you have to discuss separately. They occasionally operate together, but, a lot of the time, they operate in competition and are trying to take over from each other.

Another mistake that is too often made is that people talk about the north and the south, saying that the north is the Houthis and the south is the IRG. That tends to refer back to the pre-1990 borders, but this is technically incorrect. The area that is under the control of Tareq Saleh, for example, is in what used to be the Yemen Arab Republic. The areas of Marib and those in the east and north were also not part of the People's Democratic Republic or, indeed, the British area.

This crude classification of north-south is one of the many mistakes that needs to be avoided in people's thinking and analysis. If one is talking about retaining the integrity of the country, which I understand to be UK policy, one needs to be more careful about the factions in the different areas and where borders might not be.

Dr Kendall: I just wanted to clarify something. I am sure that people here know, but IRG is the internationally recognised Government, not the Islamic Revolutionary Guard Corps.

Chair: You can rest assured.

Dr Kendall: I would want to emphasise the two major points that Helen made. One is that being against the Houthis does not mean being pro the internationally recognised Government. If you look at a map of shaded areas that the internationally recognised Government controls, it looks impressive, but, because it is cobbled together from so many militias that are not integrated, and because it is less populated—

Helen Lackner: And most of it is desert.

Dr Kendall: —it is not as impressive as it might look on a map.

Q196 **Royston Smith:** The only thing that they seem to have in common is that they are all anti-Houthi. In that case, is it sensible that the UK Government recognise the IRG, given that they are such a selection of disparate organisations that could hardly call themselves an alternative?

Farea Al-Muslimi: Due to many things that have happened in the last 10 years, the UK Government do not have a basket of choices in Yemen overall or in the region. The result of bad policymaking is that you do not have as many choices as you would like to think you do. While UN Security Council resolution 2216, which the United Kingdom adopted in April 2015, is, by its nature, a war resolution, as it justified the Saudi airstrikes on Yemen, the soul of that resolution is quite important to keep.

Most of the names are dated and it is an old document, with half of the people in it already dead, but, somehow, the soul of it, which refuses the principle of taking power by force, is extremely important. It goes back to the point of normalisation versus recognition. We have had a huge wave of normalisation of violence in the Middle East, not just in Yemen. Walking away from that will open the door for anyone with a few more guns than there currently are to start that cycle. At its heart, the United

Kingdom's diplomacy has somehow failed in bringing peace to Yemen. This is a double responsibility as the penholder for Yemen.

At the same time, I worry that, if we start recognising anyone who shows up with weapons, that is an extremely dangerous trend that no one, whether the United Kingdom or the world, can afford. The problem here is not who is legal or legitimate versus who is not. You have an internationally legitimate and a non-internationally legitimate side, but, at the end of the day, they are both horrible.

As a Yemeni, this current war that has been going on for the last nine years would not have started or continued this way if both had a bit more commitment towards the Yemeni people. That is the current situation in terms of what is happening in Yemen. It does not really matter anymore who is or is not legal, or at least it does not seem to matter. We are stuck in a formula that we should not easily normalise as a cycle of violence in a very tricky part of the world.

Q197 **Royston Smith:** We had the Foreign Secretary before us recently, and I asked him about the UK's penholder role. We alluded to the UN special envoy and the roadmap to peace, and the US special envoy, who also seems very involved. In my opinion, while I am perhaps being a bit unfair on the UK Government, it almost appears that they are more involved than we are as penholder. Is there more that the UK should be doing to bring peace and stability to Yemen?

Dr Kendall: Yes, there is more. You have highlighted a very important point that the US has a strong, capable interlocutor for Yemen in Tim Lenderking, who is a very experienced and seasoned diplomat. We, as the penholder, do not.

Let us also not forget Russia, which has Mikhail Bogdanov, who is not specifically for Yemen but has been a special presidential envoy for Russia to the Middle East for 10 years, so that is longevity. Prior to that, he had a very long career in the region. He is an Arabist. He has made great relationships. In fact, he was posted to south Yemen in the 1970s. We really ought to have a presence as well.

Helen Lackner: I agree with Elisabeth, and I also very much agree with what Farea was saying about the fact that both the IRG and the Houthis are highly undesirable. At the same time, I am not a constitutionalist, so I do not know whether you can derecognise the IRG, but it is really important to try to have a situation where you have a more coherent anti-Houthi front.

At that level, trying to persuade the Saudis and the Emiratis to reduce their support of different factions within the IRG is a place where the UK should be able to play a role and try to help the emergence of new political forces. It is an extremely difficult thing to do, and I do not know how it can be done, but, if one is going to talk about a united Yemen in

the future, there is a whole host of very fundamental issues that have to be addressed.

One of them is the fragmentation of the country, which has existed for a long time, and I am not talking about pre-unification. Most Yemenis were in favour of unification. I am talking about the fragmentation that has occurred in the last 10 years. That includes the rise of sectarianism, which is something that the Houthis have been pushing very strongly.

In terms of recreating an economy, the country has major, fundamental problems that need to be addressed, particularly in natural resources. It has very limited hydrocarbons—in any case, we are all against hydrocarbons nowadays, so let us not worry about that. It has no water, which is a major problem in a country where 70% of the population are rural and more than half are dependent on agriculture. One has to look at those development issues. That is really important, because, if you are going to re-establish a political entity that is operational, you need to address the fundamental, underlying social and economic factors.

That is not a direct response to your question on the penholder issue, but it is indirect in the sense that, as penholders, focusing on these fundamental stepping stones that are required to reconstruct the country should be a priority for the UK in whatever form and shape.

Q198 **Royston Smith:** We planned and embarked on this Middle East and north Africa inquiry prior to 7 October and the events that followed. We now have the issue with the Houthis and the Red Sea. It is rare that we have an inquiry that takes place in real time; we are normally scrutinising what has happened after the event rather than while it is happening. From the penholder point of view, are the UK's airstrikes on Houthi targets compatible with the UK's UN penholder status for Yemen?

Helen Lackner: No, and we probably all agree on that. The airstrikes are incredibly counterproductive from every possible point of view that you might be able to imagine. We have not talked about Houthi popularity, but the Houthis are largely unpopular for the millions who are living under their rule.

I disagree with Elisabeth because their support for Palestinians in Israel is a genuine ideological position; it is probably their only really genuine one. The impact of that has been to improve their popularity by a million per cent. Their popularity has risen—not only in Yemen, but in the streets of London, where, six months ago, people did not even know what a Houthi might conceivably be, whether a human being or a thing. I am not sure that that is so important for them, but what is important for them is the support that they are getting internally, which means that people are forgetting about their mismanagement, the extortion and many of the things that they would remember otherwise.

The Houthis and the Saudis were possibly on the verge of agreement. I do not think that the Houthis would ever be willing to sign an agreement.

That is my personal view, but everybody else thinks that they were on the verge, and they certainly were pretty close. The Saudis cannot officially and publicly state that they are against something that is supporting Palestine against Israel. Whatever their views might be, they cannot do so in public, so they have been calling for restraint in response to the airstrikes. That is another negative impact of the airstrikes.

A third impact, of course, is likely to be on the humanitarian situation, if the port of Hodeidah ceases to function. This massive amount of imports of basic foods will be interrupted and will make the situation much worse for the population. There is just no way that these strikes can be seen positively, except by some elements of the IRG, who are urging the strikes to expand and continue, and who think that it is possible to defeat the Houthis. Many of us would like to see that happen, but that is not the way to do it. That is an essential element of the airstrikes being a problematic intervention.

Q199 **Chair:** Elisabeth, just as you come back on Royston's question, we asked Iranian experts the same question last week. They were supportive of UK strikes and thought that it was in the UK's interest to do this, so it would be interesting if you could bring that in as you come back.

Dr Kendall: Why the UK wanted to undertake airstrikes is very understandable; I completely get it. We needed to do something rather than do nothing. My issue is that this is not the something that helps UK interests. The issue that Helen has raised is valid. It is counterproductive, because it increases Houthi popularity at a time when the Houthis needed to increase their popularity.

I just want to clarify something. I do not think that the Houthis are not being genuine when they support Palestine. They are being opportunistic, however, in harnessing events in Gaza to their own effect. I also worry that there is a greater sphere for how this might go wrong for the UK, which is that we lose very valuable allies in the region, such as Oman, which we really must keep on side if we are ever to get a lid on the Yemen problem more generally. We also feed into narratives of Russia or China of the UK as world police or as interfering with sovereignty.

Of course, the Houthis can reap this. If we game this out a few steps, the Houthis know that we—either us or the US—cannot really put boots on the ground, especially in election years, and particularly given our track record in the broader region.

Finally, we have to remember that, by attaching ourselves so closely to US aggressive military action, whether or not we agree that it is justified, that is quite dangerous for us in the long term in Yemen. The last Arab world youth survey that split the Arab world into countries found that 82% of Yemeni youth consider America an enemy. That is not just Houthis, but all of Yemen. Do we really want to attach ourselves to that? I will not talk about them now, but there are other things that we could do that might be more effective.

While not taking action might have seemed weak, first, there is other action that we could take, and, secondly, taking this kind of action and it being ineffective also makes us look weak.

Farea Al-Muslimi: The United Kingdom is the penholder for Yemen, but, for many Yemenis, it has looked like the war holder for the last eight years. This precedes even the recent strikes. This is simply because it has been very supportive of the Saudi-led coalition for a lot of reasons. That self-perceived worldview does not necessarily match with how you look on the ground as a country.

I do not think that airstrikes will work, for the following reasons. First and foremost, I have seen too many countries operating under the illusion that they can bomb the hell out of something or someone in Yemen. I have seen it with the US drone strikes, with the Saudis and, most recently, with the UK and the US. There is a lot of illusion around force in a country that is anthropologically very complicated, such as Yemen, in which you can make a difference with the brutal use of force.

The second point, and probably also my warning, is that the main association that people in the Middle East have when the UK and the US do something together is with the last Iraq war. Moving and acting without international support or resolution, whatever you do or do not do, is quite problematic.

The third problem is the matter of perception. This applies also to the question of sanctions. Should you sanction or designate a group? A big part of UK and US power in the Middle East was mostly one of perception. A lot of things have happened that destroyed that perception. The war in Gaza is not only the most recent one but the most brutal. I understand that not many people agree with me, but I genuinely think that, if anything in Gaza happens, the Houthis might stop attacks in the Red Sea. They are genuine about that, first and foremost for their own ideological reasons.

What can you do? This is the question I am hearing, because you are damned if you do and damned if you don't. There are at least four main policies that should be worked on. First, the protection of ships in the sea must continue. It is one thing to protect international trade in the sea, but a different thing to bomb Yemen. Those are two different things, in which there is more rationale for one than for the other.

Second, while this might be a little too late and will take a lot of strategic patience to achieve or to make a difference, you have to work further on fighting smuggling to the Houthis from Iran and from across the world. That is something on which your partners and allies in the region who have a blade on both sides can do much more.

Again, it is extremely important not to act alone and outside international frameworks in the Middle East. I cannot emphasise that point enough when it comes to Yemen, because you do not have to. I just landed this

morning from Jordan, and the suffering in that country as a result of the Red Sea is more than you could ever imagine. It is similar to countries such as Egypt. This is not and should not be your fight, or at least yours alone, and not in the way that you do it in the current run of things on the ground. That will ultimately not lead to much difference in what you are trying to achieve in Yemen specifically.

Finally, a lot of people say that the Houthis will never sign anything or commit to a peace deal, but we should never give up on the possibility and imagination of peace in Yemen. It is extremely dangerous, even as a human trend, to go to bed thinking that you cannot one day sign something with someone and make peace with it. It is a very easy route to dismiss that and to just say, "We cannot do anything". It gives you a lot of passes, while you can actually do a lot. Apart from humanitarian aid, of which you are the second biggest donor, the UK has not been doing much effective peacebuilding in Yemen.

In that regard specifically, everyone you talk to will have their own issues with the United Nations. Sometimes, when Foreign Secretaries or western politicians did not want to do something or wanted to hide away, they said, "We support the UN peace process". It was an apology or a refusal to do something. However, with all of its flaws, it is still the only right answer. You have no legal basis in Yemen to do anything for peace, except via the United Nations. With all of its flaws, it is the most inclusive framework possible at the moment.

Q200 **Bob Seely:** Before I ask about the al-Mahrah tribes, why is the shooting into the Red Sea happening now? Is it because the Iranians are saying to the Houthis, "We would be really grateful if you could kick off now" or is this an internal Houthi dynamic, because they were becoming unpopular at home? As Elisabeth was saying, this is a bit of a foreign adventure, and attacking the US makes them popular at home.

Helen Lackner: I believe that they are genuinely doing this in support of the Palestinians. I do not think that they are being pushed by the Iranians.

Dr Kendall: I think they have genuine empathy and sympathy with the Palestinians, but they also know that, in the region more broadly, they might not generate the kind of opposition that they would otherwise have, because there are many powers and states around the Arab and Muslim world that feel similarly that there is nothing they can do to support Palestine that puts pressure on it. This is a useful proxy for many states. After a decade of civil war in Yemen, people were getting tired and the Houthis saw something that they could latch on to in an opportunistic way. That is also true.

Q201 **Bob Seely:** Where does Iran fit into this?

Dr Kendall: It works for Iran.

Farea Al-Muslimi: I do not understand the West's obsession with the Iran angle, but it no longer matters, frankly. If Iran told the Houthis to do it or not, or if they cc'd or bcc'd Iran, it does not matter. Right now, they are more than able to have what Iran would dream to have in the Red Sea. That is two in one, so it no longer matters.

Helen Lackner: It is another standard mistake, "Iran-backed Houthis", in that everything the Houthis do is because the Iranians are telling them to do it. If you look at history, it is quite clear that the Houthis do what the Iranians ask them to do, if it happens to be what they want to do in the first place. If it does not, they do not.

Q202 **Bob Seely:** Dr Kendall, how do the al-Mahrah tribes fit into the bigger picture in Yemen currently? How do they potentially fit into a peace process and the future of the country?

Dr Kendall: The al-Mahrah tribes are in the far east of the country, which borders Oman, so right at the opposite side of the country from the Houthis. How do they fit into this currently? That is an interesting question. They are pretty removed from this at the moment.

In a sense, I am glad that you raised this, for two reasons. First, the Houthis have managed to build alliances inside this far eastern region. If we push too far and the Houthis decide to ramp up their activity, they could activate some of those partners. I am not saying that this is going to happen, but it is something that we might want to think about.

If you have a situation where you have the Houthis on the Red Sea side and Iran on the Straits of Hormuz, that is both sides of the Arabian Peninsula and both exits into the Gulf of Aden and the Indian Ocean. In the middle of the Arabian peninsula, you have the al-Mahrah tribes, which control about 540 kilometres of coastline. You could have three flashpoints for increasing pressure on maritime trade.

While I agree with my colleagues that it is wrong to think of the Houthis as a direct proxy answerable to and doing the bidding of Iran, that is neither here nor there right now, in a sense, because their interests are so strongly aligned that they are able to work in tandem at the moment. I should think this is something to watch for.

Q203 **Mr Jayawardena:** Could I just return to the airstrikes in the Red Sea? Do you agree that there is just no benefit in attacking the Houthis to prevent them attacking shipping? Does it have any merit?

Dr Kendall: I would not say that it is without merit, because it depends on how successful we are at degrading Houthi capability. What I would say is that the downsides might well outweigh the merit.

Mr Jayawardena: The reputational downsides.

Dr Kendall: There are the reputational downsides, so the perceptions of what the UK is doing, and the downsides to us of increasing Houthi

popularity inside Yemen. We should also bear in mind that the Houthis, at least in seven of the last nine years, were subjected to over 25,000 airstrikes by the Saudi-led coalition and their capability was not greatly dented, so we should be very careful about imagining that our airstrikes can make a big difference.

One further thing just to take into consideration is that the Houthi ability to disrupt shipping in the Red Sea does not rely upon being accurate. It relies upon simply lobbing missiles out.

Helen Lackner: It also does not have to be high-quality stuff that goes a long way and is properly targeted. All they need is to have some homemade things that they throw; sorry, I am not a military expert. As long as the threat is there, it works.

Q204 **Mr Jayawardena:** They need to be lucky just once in order to cause damage.

Dr Kendall: They do not need to be lucky at all, because of the impact on routes, insurance and shipping.

Q205 **Mr Jayawardena:** Just to be clear, if it is not without merit, as you said, do you see any alternatives that have not been raised today to British and American airstrikes on the Houthis?

Dr Kendall: We could do more in a less public way. This is, of course, why we have special forces. That is one thing. We could also work harder to build broader alliances rather than launching in alone next to the US. There were four other countries in the background, but no regional ones, other than Bahrain.

We could also build stronger coalitions to work out how to counter Houthi forces with those who are already fighting the Houthis inside Yemen, of which there are many and which we mentioned earlier.

We should work harder on building institutions inside Yemen rather than supporting individuals, strongmen and tribes and working through very old structures, in a way that brings in Yemenis on the ground rather than always working top down through very questionable patronage mechanisms.

Q206 **Mr Jayawardena:** Before I turn to one other area on Iran, is there any instance in which airstrikes might make the Houthis think again?

Dr Kendall: No.

Farea Al-Muslimi: Absolutely not.

Helen Lackner: If I can just add to and agree with what Farea was saying, there is a very simple answer, but nobody is going to take it. End the war in Gaza, and the Houthis will stop.

Q207 **Chair:** I am really sorry, but I do not think that anyone in Parliament

genuinely believes that if the war in Gaza ends, the Houthis will stop waging chaos. I am sorry, but that is for the birds. It is the point about opportunism. Are we really saying that the Houthis will put down their weapons and will not disrupt and try to tax boats going through because there is no longer a war in Gaza?

Dr Kendall: I think that is right. I do not think that there is a direct connection, but it might remove the moral high ground that they have managed to secure for themselves. Therefore, it would certainly help to undermine them.

Q208 **Mr Jayawardena:** This is all propped up by Iran. Given that our partners in the region also see Iran as part of the problem and as part of the threats that they face, there is no chance that this would escalate into a wider conflict with Iran, is there?

Dr Kendall: Not unless we seek one.

Q209 **Brendan O'Hara:** There is the perception, perhaps correctly, that the Houthis are battle hardened after years of war with Saudi. To what extent have the UK and the US almost given them what they wanted by dragging them into this conflict? Is this what they have been spoiling for?

Farea Al-Muslimi: Yes. Just as in life, it applies to states: you have to choose your enemies more carefully than your friends. You have given a lot of privilege to the Houthis in that regard by them now being in a direct war with the UK and the US. I do not think that airstrikes will work, but that is also not a popular opinion.

This morning, I spoke to the Yemeni President in Riyadh, who thinks that the UK is not doing enough and that you should empower them and go into a partnership with them. That is not a popular point of view, but this is their God-given gift. You might not believe that the Houthis will stop because of Gaza, but their math is extremely different from yours and mine. Two plus two in the Houthi world can be equal to 10. It can be minus five. They have very different rules of the game.

Until recently, they were mountain people who did not know how to swim and did not even like fish, but this has recently become their biggest interest. No one has yet seen the nightmare of the Houthi maritime capabilities. I have done a lot of research, which we can talk about in probably a confidential format, for the sake of the safety of many people, but I really do not think that we have seen that nightmare so far in that part of the world.

Helen Lackner: Just to add to what Farea was saying, something that none of us has mentioned but I am sure we all know is that one side effect of what is happening now is that the Houthis' recruitment of youth to join the armies has again rocketed alongside their public relations efforts.

Q210 **Graham Stringer:** Farea, you mentioned the possibility of sanctions.

Does that mean that you do not think that the Houthis should be designated as a terrorist organisation?

Farea Al-Muslimi: There are two different questions. Whether the Houthis deserve to be called terrorists is a whole different conversation. They deserve the title of every bad word in every language. Would the UK and the US designation of the Houthis as a terrorist group make a difference? I do not think so.

Think about it. There are three problems with designation. First, there is no way of exiting from it, which is always a problem. Second, when you use sanctions, it is like a bullet. You lose the ability to threaten with it. You already lost that bullet in the past when the US designated them and the new Administration de-designated them. There is a much more efficient way if someone wants to go after the financial system of the Houthis without designating them.

Let me give you two very specific examples of how this will destroy the peace process in Yemen. Right now, Saudi Arabia, your second biggest partner in the region, is going into a deal with the Houthis. It has committed to pay public sector salaries in the Houthi area. Will it wire money to a group that you designate a terrorist? You now have, as part of the truce, flights between Amman and Sana'a, which have saved hundreds of thousands of people. Will Jordan be allowed to operate flights to an airport run by a terrorist group? These are very big questions and practicalities, but I have yet to hear how they have been thought through and how they will work.

Again, whether they deserve it is a different question. As for whether this will make us closer to peace in Yemen, it absolutely will not. I want to doubly recognise that this is not a popular view. It is my own view. I genuinely think that it is not going to be helpful, but a lot of people would disagree.

Q211 **Graham Stringer:** Given that answer, are you implying that humanitarian aid would find it more difficult to get in if they were designated? Just as a more general question, is there food in the shops at the moment in the Houthi-controlled area?

Farea Al-Muslimi: That will be even worse moving ahead, because the biggest victims of these Houthi attacks are the Yemeni people. We have already had the problem, which Helen can talk about much better than me, of food being destroyed by nine years of war, by Covid and by the Ukraine war, so life will only be more brutal. Is there food in the markets these days? Yes. Will that remain for a while? That is something that Helen might speak about better than I can.

Helen Lackner: As Farea just said, the food is there now, but there are two aspects. One is the cost and the ability of people to pay for it, which is increasingly problematic, and the other is the situation with

humanitarian aid and the fact that that includes a very considerable amount of the food and cash that goes into the country.

On that one, we have not only the issue of the Red Sea, the port and the Houthis, but the general situation that the UN's humanitarian response programme in 2022 was financed at 55% of its requirement. In 2023, it was 38%. This year, it has not even been announced. They usually announce what are called humanitarian needs in December. That document has not been published, as far as I know. By January, they announce the amount that they require, but not a word has come my way up to now.

There is usually an appeal meeting in February or March, but nothing has been announced. There is a whole issue of humanitarian support throughout the world, and Yemen is not unique, but it is going to be a major problem. We have to remember that those people who suffer most are, of course, always the poorest, the women, those in the most remote areas and those who are least accessible.

In terms of sanctions, we also have the issue of remittances. One of the few sources of income for many thousands of families in Yemen are remittances from their relatives, mainly in Saudi Arabia but throughout the world, including Britain and the US. Transferring remittances is going to become even more difficult after this designation issue. If there are additional sanctions, that is going to really affect the ability of many thousands of people to afford what food is available in the shops.

When it comes to sanctions, the Houthi leadership do not own many high-rise luxury buildings in London, Paris, New York, or anywhere else. As far as I know, they have kept what ill-gotten gains they have in Yemen. They have not had the opportunity of exporting them, so that side of the sanction sounds like a statement that is really not that meaningful. I do not know if you two can specify more on that topic.

Q212 **Mr Jayawardena:** Dr Kendall, what is the role of Al-Qaeda in the Arabian Peninsula and Daesh in Yemen in particular? What threats do they pose to the United Kingdom at this moment in time? How could the UK deal with them?

Dr Kendall: Al-Qaeda in the Arabian Peninsula and, to a much lesser extent, ISIS—or Islamic State—are still an issue. They are very much on the back burner, but we have seen this before. We saw it in 2012. We saw it in 2016. We thought it was over. We thought that they were down and out, and they were not. They are still attacking. We get low-level claims coming out every couple of weeks.

What is more interesting is a new surge on the international front from the al-Malahem insignia of Al-Qaeda in the Arabian Peninsula. We had a video that revived a magazine called *Inspire*, which came out just before Christmas and was about taking this Yemeni brand of terrorism and using it as revenge for what is happening in Gaza. It was 46 minutes long and

included some fairly robust instructions on airliner plots and how to make bombs. It was very much targeted at four constituents—number one against America, number two against the UK, number three against France, and number four against the EU. This is not a time to take our eye off the ball. It could be being kept on ice at the moment while the Houthis do their stuff, but it could easily rise again.

I do have to make two more comments. One is that, with regard to the foreign terrorist organisation or any kind of terror designation, we have to be very careful. It is not that it is not merited, but we should be focusing on ways of peeling away the Houthi hardliners and not giving them more ammunition. I will leave you to make your judgments on that, but it is a bit of a blunt instrument. Unless it is done carefully, a designation would be unhelpful.

Chair: I am so sorry to cut it short—as you can tell, we would love to discuss with you for a few more hours—but I am afraid that we do have to do so. Thank you to all three witnesses. We are very grateful to you all and I am sure that we will call on you again for future advice in months to come. Thank you ever so much.

Examination of witnesses

Witnesses: Tim Eaton, Peter Millett and Denisse Rudich.

Q192 **Chair:** Thank you all ever so much for joining us. We are very keen to have more of a focus on Libya, which we think is so often overlooked, particularly with Royston on the Committee. We are very keen to look at it. Would you be so kind as to introduce yourselves?

Peter Millett: My name is Peter Millett. I was British ambassador in Libya from 2015 to 2018, after more than 40 years in the Foreign Office. I retired in 2018. I am now the chairman of the Libyan British Business Council, which is an association of about 120 companies doing business in Libya.

Tim Eaton: My name is Tim Eaton. I am a senior research fellow at Chatham House, where I lead Chatham House's research on Libya and have done since 2016. My research focuses on the political economy of conflict in the MENA region, but with a particular focus on Libya.

Denisse Rudich: My name is Denisse Rudich. I am a senior illicit finance policy adviser to the Sentry, a not-for-profit organisation that focuses on tackling conflict financing specifically. I am a former banker and I have worked in anti-money laundering, counter-terrorist financing and illicit finance for over 20 years.

Q193 **Fabian Hamilton:** How effective has the UK's sanctions regime been for Libya so far in a number of areas: first, promoting respect for human rights; secondly, promoting peace, stability and security; thirdly,

achieving a transition to democracy; fourthly, preventing migrant smuggling and human trafficking? Just a tiny little question.

Denisse Rudich: It is always challenging to determine the effectiveness of sanctions because there are many variables involved in addition to the sanctions that are applied. On the one hand, the sanctions that have been targeting the entities owned by the Libyan state, specifically the Libyan Investment Authority, have been quite successful in protecting state assets. We think that those should be remaining in place.

The UK has done a great job in upholding those. Again, this is really about restraining the assets to allow for rebuilding and transition to a peaceful, inclusive political process. We think that the UK should stick to that position, specifically, against any co-ordinated efforts to lift sanctions by the Libyan Investment Authority. Again, the reason is that there is definitely a risk that those assets are going to be either diverted or plundered by the political elite or the corrupt autocrats in place at the moment.

However, sanctions that have been applied against individuals, specifically targeting human rights violations to try to prevent smuggling of migrants and human trafficking or because of challenges to peace and stability, have been, unfortunately, not quite as effective. Maybe the right way of describing this is that there has been a poor record of that. A lot of these sanctions have largely mirrored the sanctions issued by the United Nations. With regard to a couple of examples, there have been human trafficking designations that unfortunately have had no meaningful impact.

For example, there is a gentleman called Abd al-Rahman al-Milad, also known as Bija. He has been designated, but he remains in his position within the Libyan coastguard. Previously, there was a gentleman called Mahmoud al-Werfalli, who is deceased, but he continued to operate in his role until his death even though he had been sanctioned under the human trafficking designations.

There also have been challenges with regards to sanctions being applied in a reactive manner, after they are no longer necessarily relevant to a particular group that has challenged peace and stability. An example of this is the al-Kaniyat armed group, which was designated after it was defeated at Tripoli. Again, those sanctions were not as effective or impactful as you would have hoped.

With regards to the other aspects that you mentioned, one of the challenges has been the inconsistent application of sanctions and the avoidance of targeting key players. I understand that there are many other reasons for that, but an example is Salah Badi, who was sanctioned for his role in endangering peace. At the same time, no sanctions have been issued against Haftar for his offensive on Tripoli, so there are definitely some challenges around that.

I am happy to also give the floor to these gentlemen, but I can talk about what would make them more effective as well.

Q194 **Fabian Hamilton:** We will certainly come back to you in a minute.

Peter Millett: Denisse has given a very comprehensive answer there. As far as the financial sanctions and the freezing of the LIA's assets, it is absolutely right that those assets should remain frozen.

As for individuals, there have often been threats of sanctions against those who block political progress. In 2016, the EU imposed sanctions against three individuals. It did not make any difference whatsoever. There are many other people who have been blocking the political progress and who have not been sanctioned. Part of the problem there is trying to get agreement in the Security Council. If you are going to do UN sanctions, which is the most effective means, the problem is getting consensus in the Security Council.

Tim Eaton: Just to expand a little bit on what has been said already, which I agree with, in the case of human rights violations it is very clear that there is an inconsistency of standard and also a lack of strategy in the application of sanctions, particularly at the UN level, which, then replicated at the UK level, means that they have limited effectiveness, because it can be seen that one actor is being targeted over another, and also that there is no coherent follow-up.

This has been another problem. Once some of these actors have been designated, as Denisse mentioned, two of them on the human trafficking side remained in place. Salah Badi used his sanctioning as an endorsement, in a way, among his constituency, and there was not a real impact upon those people.

Sanctions certainly have a place, as do tools of pressure, but they have been poorly applied on individuals up until now. A more strategic application of them, particularly for some of the reasons I am sure we will get into in terms of the surge of corruption and the diversion of state assets, could be highly beneficial to both the political situation and the preservation of the Libyan people's assets.

Q195 **Fabian Hamilton:** Have UK sanctions been merely reactive to events in the region, or have they been preventative in any way at all?

Peter Millett: They have usually been in response to abuses of power, human rights violations or, in the case of Salah Badi, he undertook an attack against Tripoli. Therefore, it was not just UK sanctions; those were EU or UN sanctions.

Tim Eaton: The 2011 sanctions were quite proactive, in a way, in order to deny the regime the opportunity to use resources to mobilise them against the people. Since that point, they have been almost exclusively reactive.

Q196 **Mr Jayawardena:** Could I just probe on the threats facing Britain? How serious do you think the terrorism threat facing the United Kingdom is, emanating from the instability in Libya? What more could the Government do right now to help defend against that threat?

Tim Eaton: Libya is quite a complex environment at the moment. There are a large number of armed groups and perhaps as many as 400,000 men at arms, but, in terms of the terrorist threat from within Libya, all the major groups you see that control territory have Libya-specific goals. They are not committed to global jihadi goals in that sense. There are Salafi groups that control territory and are aligned with various sides, but, again, their agendas have been exclusively domestic.

That being said, in what is a pervasive security protection market, with the proliferation of arms and the militarisation of society, that creates opportunities for individuals and networks to co-ordinate, and of course Libya has had points in the last 12 years where there have been extremist elements that have become significant. They are at a very low ebb at the moment, and the threat would emanate more from individuals, perhaps through some of the dynamics that were noted in relation to the Manchester bombings, rather than a wider co-ordinated threat from an organised group. That being said, as was noted in the previous panel, these networks do still exist, and will continue to exist and try to mobilise when they have the opportunity.

Q197 **Mr Jayawardena:** In your view, there is nothing more that the Government need to do beyond what the Government are already doing in respect to any threat faced by Britain from Libya.

Tim Eaton: In terms of the specific threat, my understanding of the issue is that there is a significant degree of counterterrorism co-operation with a wide range of groups, and that this is something that has been relatively successful. Overall, the environment is the biggest enabling factor. Until the structures of the conflict are addressed, that threat will always remain.

Peter Millett: I agree with what Tim has said. There was a large cohort of Daesh in Sirte in 2016, who were bombed by the Americans. There was an international effort there, and they were removed from Sirte. There is a lot of co-operation that goes on already. The problem is that there is not really a local partner with whom our own agencies can work to detect and deter. It is such a vast country. The borders with Mali, Niger, Chad and Sudan are very porous, and nasty people can cross those borders with great ease.

Denisse Rudich: I can maybe speak to the terrorist financing threat. In the UK generally, the terrorist financing threat has been seen as severe, although not necessarily or specifically linked to Libya, so that needs to be very clear. Identifying terrorist financing is always like looking for a needle in a haystack. The amounts are incredibly small. It takes an incredibly low amount to fund a terrorist attack, but one of the biggest

preventative and detective controls is having the ability to understand who is sending and receiving money.

One of the challenges with the Libyan financial system is that, with the way that banking currently operates, there is a division between the east and the west. Until the banking system is unified, it is incredibly difficult and possibly near impossible to be able to implement these types of controls even within country, much less across borders. To prevent what has been identified as a lower risk of terrorism from Libya into the UK by Tim and Peter, there is an additional step that could be taken by promoting the unification of the banking system.

Q198 **Mr Jayawardena:** You referred to the fact that we were talking about this in the previous panel. How serious a threat do you think is faced by the United Kingdom from Al-Qaida and Daesh from Libya?

Tim Eaton: That threat is very small, in my opinion. Again, there are elements of pre-existing networks, such as the Libyan Islamic Fighting Group. There are familial connections to individuals who hold extremist views. Those people remain within the country, but the organisational threat of those groups from my vantage point, this not being my primary focus, is small.

One proxy indicator for that is the number of airstrikes that we see in places like southern Libya. The number of those from the US Africa Command has reduced. While there are reports of jihadists operating in those areas, we do not see that at the levels we were seeing several years ago, so I would suggest that has decreased, though people are certainly looking at developments in Niger, contagion from Mali and other places in the Sahel as being an enabling factor for a potential growth or movement of those groups through these porous territories.

Q199 **Mr Jayawardena:** Your opinion would be the same, which is that it is the structures and institutions that are key to reducing their influence in Libya.

Tim Eaton: Certainly, yes. Everywhere you look in Libya, you have a dispute over legitimate governance. As long as that is the case, then that will prevent strong governance.

Q200 **Chair:** Can I delve slightly more into Daesh and Al-Qaida in Libya then, in terms of their intent or the way in which they are operating? Obviously, they are part of a transnational, global Salafi jihadist movement, so is the idea that, once they achieve their domestic goals, they will then do it, or is it that the dotted line between them and Daesh HQ elsewhere and the transnational aspect is more disconnected, and therefore they are really able to just focus on Libya? Where are the lines of interest between Daesh within Libya and then its wider family?

Peter Millett: As I said, a lot of the Daesh people were removed from the country in 2016, both from Benghazi and from Sirte.

Q201 **Chair:** Are we wrong to even be thinking about Daesh in Libya then? Are you saying it is literally 50 men and a dog?

Peter Millett: We do not know how many people there are. I hear talk of sleeper cells here and there, but I do not see any evidence of it. The risk of extremist elements coming up from the south, or from Tunisia or other countries, and using the territory of Libya to get the training they are looking for and to become more radicalised is where the main threat is.

Q202 **Brendan O'Hara:** Tim mentioned corruption earlier. Can I ask about that high-level corruption and those kinds of crimes? How successful do you think the UK has been in tackling it? Have we made that kind of crime less attractive, or have we just paid lip service to doing so?

Tim Eaton: The UK and its international partners have long had a focus on seeking to protect the Libyan state's institutions from conflict among rivals, and to prevent the state's institutions from effectively being a moneybox for the funding of those interests. In the last couple of years, however, those efforts have been flailing. Increasingly, we see direct competition over the state's resources in the oil sector and other areas as a key factor of the conflict.

Among some analysts, there is debate about what the conflict is about, but one very good summary is that, while the resources and the money might not be why everybody started fighting, they are a very strong explainer of what they are fighting for now. On that front, we see some talk about transparency and accountability, but I would contend that there is insufficient focus and oversight of these dynamics, which are a major enabler of ongoing conflict among rivals, but also hollowing out the Libyan state from the inside. The Derna crisis is a very clear example of those dynamics at play.

Denisse Rudich: The UK has been critical of the current regime, but there is definitely more that it can do. Going back to sanctions, we at the Sentry think that the UK could and should employ and encourage the use of Magnitsky-style network sanctions, so using its global anti-corruption sanctions regime, with a combination of visa bans and maybe its Libya sanctions as well, to target Libyan kleptocrats as an actual viable strategy. This would basically go after not just one or two individuals, but their enablers and the corporate networks that sustain and prop up the regime.

Our investigators at the Sentry recently published a report on Libya's kleptocratic boom, effectively citing a drastic surge in corruption and organised crime in Libya as of late. We think that the network sanctions should be a viable strategy, but also as part of a toolkit of tools of financial pressure.

That could be supported with things such as a business advisory, modelled on the 2020 South Sudan amber alert that was issued by the National Crime Agency. Specifically, the alert would be warning

businesses, private schools and providers of luxury goods on the risk of doing business with the political elite of Libya, so this would also go a long way to addressing the risk of de-risking or the inability of civilians on the ground to access finance, because it would be specifically targeting corrupt political elites, potentially state-owned enterprises, and their companies as well.

Peter Millett: Just to go back to some of the things that we did while I was there, with the Libya Investment Authority we provided expert assistance for compliance with the Santiago principles, which are the principles for all sovereign wealth funds. We put a little bit of CSSF money into that. We were also funding the World Bank's work with the Central Bank of Libya on transparency, accountability and so on.

I am not saying it is perfect by any means. Both those institutions have made some improvements, but more needs to be done, particularly on transparency of accounts and making clear where the money is coming in and where it is going to.

Outside some of those central economic institutions, corruption is still a major issue, both in Government and in the private sector. In terms of how the UK can help and support that, economic reform has been on hold in Libya because of the political stalemate. That is economic reform on diversifying and decentralising the economy, all the things to do with transparency and so on. A lot more needs to be done, and the UK can play a role in that, because all these economic institutions have very close links to the UK.

Denisse Rudich: On the corruption angle, in terms of what else the United Kingdom can do, specifically in its role as the penholder for the UNSCR, in addition to the business advisories, what it could do with its allies is promoting and encouraging that a mutual evaluation review of the Libyan anti-money laundering and counter-terrorist financing system is carried out against international standards. Libya was supposed to have its review in 2018. However, that has been postponed until the political and security situation is a little bit more stable, and it has not yet occurred.

A number of potential reforms have been proposed by the IMF, including increasing resources and the autonomy of the Financial Intelligence Unit, so the body that is responsible for receiving intelligence on illicit financial flows; encouraging stronger anti-money laundering supervision; and encouraging that Libyan legislation and regulation is updated to align to global standards.

The reason why this is a very powerful action is that countries do not want to be listed on the Financial Action Task Force lists of grey countries, because that tends to come with a cost. There is lower foreign direct investment, to about 7%, and it makes it a lot harder for money to move around the world from these countries.

Measures that could also be encouraged within Libya include the creation of a beneficial ownership transparency, which the UK has been incredibly strong in encouraging other countries around the world to do; requiring enhanced diligence to be carried out on companies owned by politically exposed persons and state-owned enterprises, and on higher-risk transactions; and then also other transparency measures such as requiring public officials to disclose their salaries, to be able to identify instances of what is described as conspicuous consumption.

Q203 **Brendan O'Hara:** What impact is the cut in the conflict stability and security fund going to have?

Peter Millett: It reduces the ability of the embassy to provide assistance across the board. In 2017, we had £12 million, which we divided between political reform, security sector reform and economic reform. This year it is £6 million, so it has been halved.

Some of that goes to very effective programmes. There is a very effective programme run by a small charity called Peaceful Change Initiative; I should declare that I am a trustee of that charity. It has set up 40 municipal hubs, which bring together women actors, municipal actors, and people across the board. Just as an example, within the south of Libya, it brought together the Arab tribes, the Tuareg and the Tebu, to tackle conflict at local level and then build hubs to bring that into the regions as well. It is a very effective programme.

It is about focusing on the small things that do not cost a huge amount of money, but giving long-term multiyear programmes for these sort of efforts. CSSF can be used effectively there, but a lot more could go a long way as well.

[Royston Smith took the Chair]

Q204 **Fabian Hamilton:** Does the UK have the capacity and the reputation to bring about political stability in Libya? This is something we have discussed in the past.

Peter Millett: The UK does. The UK is still a popular country. We usually hear "the historical relationship with the UK" as the starting point in most meetings. There are World War II cemeteries dotted along the coast. Libyans want to come and have their education in the UK. We are seen as knowledgeable, influential and neutral, but, apart from the embassy, we are not there at the moment. Libyans say, "Why is the UK not playing a more influential role?"

The last Foreign Secretary visit to Libya was in August 2017. There have been no high-level Foreign Office visits since that time. Libyans believe that we can work with the UN, the US, the Germans, French, Italians and others, and play a more influential role, also because we have links with the other interested countries such as Egypt and Turkey.

We also need to bear in mind that the Russians are there. The Wagner Group has been in Libya since 2019 or 2020. It is using its bases in Libya to disrupt the Sahel into Niger, Chad, Sudan and so on. There are major interests for the UK that the Russians have a presence very close to the southern flank of NATO.

Q205 **Fabian Hamilton:** Has our relationship changed with Libya since 7 October, or has it made no difference?

Peter Millett: It has made a small difference because we are so close to the United States and have supported Israel. I hear Libyans saying, "We thought you were a country that respected international law and human rights and had values, and we feel you are not". The double standards argument is something that I have heard quite a lot of, but nonetheless they still see the UK as a major player. I have had many Libyans say about the current Foreign Secretary, "He was the person who was involved during the revolution". There was a sense that, "He broke it; can he come back and fix it, please?"

Q206 **Fabian Hamilton:** I cannot say I blame them for saying that.

Denisse Rudich: Going back to the Russian threat, there has definitely been a partnership between the Haftar family and what have been described by my colleagues at the Sentry as Russia's covert operations in Libya. It is enduring and intensifying, so the relationship between the two is getting closer and closer.

The clandestine footprint through what was previously known as the Wagner Group is now more tightly controlled by the Russian state, which has some implications for the UK's previous designation of the Wagner Group as a foreign terrorist organisation, and there is definitely significant involvement of illicit activities and illicit funds as well.

We know that there are protection payments being provided to the Russian clandestine organisation, including cash—again, likely linked to illicit activities. Peter mentioned the presence of the military base or how the Russians have been allowed to use it as a potential jumping point to facilitate Russian interference, but there has also been the allocation of fuel that has been subsidised to the Russians. That in itself is evidence of misappropriation of state assets for a foreign actor. These were assets and commodities that should be benefiting the people in Libya.

Q207 **Fabian Hamilton:** Are other countries such as the United States, the European Union, Turkey and Egypt playing a positive or a disruptive and negative role in Libya? We have mentioned Russia. What about China?

Peter Millett: All these countries have significant interests of their own. The American ambassador and the special envoys have been doing the rounds recently. There are groupings. We used to call it "P3+2+2": the UK, the US, France, Germany and Italy, and we need to include the Egyptians and the Turks. They are all trying to work in the same direction, but there are divisions. The different countries back different

parties and have different interests. Therefore, the talk of "the international community" hides the fact that different countries are perhaps driving the process in different directions for their own interests.

Tim Eaton: If I could connect some of those dots together as well, in answer to the question of the UK role, the UK is well regarded within Libya, both for the historic reasons that Peter mentioned and in not being viewed as partisan. It is able to speak to everybody across the board, and is seen to be a constructive actor in Security Council conversations and, in some ways, a little bit of a mediator between differing positions among European players and others.

The absence of high-level engagement from Government has limited what can be done and what the UK Government have been able to do in their engagement with Libya. In contrast, there have been several Russian ministerial visits in the last year, versus the last visit of the Foreign Secretary. In that sense, there are constant outreaches from Libyan actors to engage the UK, but it is unclear that the UK has the ability to push any initiative on its own without that governmental support.

Relatively limited Government support could go quite a long way. It is a matter of the UK being judicious in the areas where it seeks to push its influence. I would contend, in line with the rest of the discussion today, that engagement on economic reform and an economic track of negotiations could be a key focus for the UK that it could own.

With relation to the wider situation and the influence of different countries, what we have really seen since December 2020 is that external intervention—the Turkish intervention on the ground and the presence of the Russians—has given an outsized influence over what happens next.

We have also seen a decline in the relevance and the importance of the UN, to a stage now where, while the UN talks of a Libyan-led process, what it means is a Libyan-led process through the auspices of the UN. The UN feels like a sideline to the negotiations that are actually happening among the Libyan rivals and their external backers. That, again, is an area where more effort is needed to bring it back on to the tracks and have a meaningful political process.

Q208 **Fabian Hamilton:** We have heard an awful lot about Russia, and we know about Turkey, Egypt, the US, the EU, and of course the United Kingdom. What about China? Has it had any influence, interest or involvement in Libya? There is lots of oil there.

Tim Eaton: Yes, and it is certainly a major purchaser of Libyan oil. On the political level, I have seen limited evidence of sustained engagement, but certainly, where people are looking to start appraising Chinese influence, particularly in the aftermath of the Derna crisis, is in the handing out of contracts, which threatens to be a real bonanza of corruption in the way it is being handled by the Libyan state, and the

inability to form a unified, accountable and transparent structure to distribute what will be billions of dollars.

People are particularly looking there for increased Chinese engagement, but also to non-western actors that may be willing to engage in a different way with those funds and perhaps ask fewer questions. That is certainly a concern of many Libyans who I speak to.

Q209 **Fabian Hamilton:** Finally, the Emiratis were quite involved until recently. Are they no longer involved at all in Libya, or do they still have their fingers in the pie?

Peter Millett: They are certainly still involved and are significant players. They did back Haftar during his assault on Tripoli. They are looking at multiple partners now, but I think they are still major players in Libya.

Tim Eaton: They remain highly influential, particularly in terms of negotiating a modus vivendi among the rival actors, and engagement on an ongoing basis. Where the Emiratis perhaps do not have the same ability as Turkey in being on the ground, they make up for that in their ability to convene and negotiate, often in less overt ways.

Q210 **Brendan O'Hara:** Could I ask about the private military companies operating in Libya? How active are they? How numerous are they, and what exactly is their role as you have experienced it?

Peter Millett: The main one has been Wagner Group. Denisse has already spoken about it. It has now rebadged or changed its T-shirts, so it is more officially Russian. How many does it have on the ground? I have heard figures between 400 and 1,500. They are particularly in the air bases in the south of the country. That is used as a springboard into Sudan, maybe Chad, but also Niger.

I am not aware of other private military companies. There are a lot of security companies providing protection to people who go and travel there, but in terms of the private military companies on the ground that are not associated with Governments it has been Wagner Group. Of course, on the other side you have the Turkish military, but that is the Turkish army.

Q211 **Brendan O'Hara:** You are unaware of anything other than Wagner.

Tim Eaton: There are a significant number of mercenaries who have operated within the Libyan context for a long time, from Sudan, Chad and Niger. In some cases, these are individuals who supplement the Libyan forces and are themselves affiliated with state authorities. In other cases, they have operated almost autonomously.

In fact, there have been a very large number of those mercenaries present and, often disproportionately, engaged at times where there is large-scale conflict, notably in the Libyan Arab Armed Forces during Haftar's offensive on Tripoli and subsequently in north-western Libya.

This is definitely a factor, but that looks a bit different to the PMCs debate that maybe your question was referring to.

Q212 **Brendan O'Hara:** The wider point would be whether these PMCs are a threat to UK interests. If they are, how should the UK be dealing with it?

Peter Millett: As far as Wagner Group is concerned, or the Russian military presence, there is a threat there to UK interests. The more unstable Libya remains, the more terrorist groups can train there, and it is a threat to the southern flank of NATO. The way to deal with that politically is to help to bring about a stable Government who can then demand the removal of the Russian forces from Libya.

Denisse Rudich: More widely, with regards to UK interests as well, illicit finance is a massive problem, not just in Libya but also through its exposure to the UK. The UK has what has been described as conceivably a $100 billion anti-money laundering problem, and that is a figure that was given by the National Crime Agency as part of its economic crime plan.

In addition to the steps that have been given by Peter and Tim, the UK could potentially work to try to tackle the illicit finance issue. That means encouraging banks that have partners in Libya to strengthen their anti-money laundering and counter-terrorist financing controls. There are correspondent banking academies that are held already by some banks that are registered in the UK with their partners abroad.

We have no evidence to show that these have been linked to Wagner, but there are two Libyan state-owned banks that operate in the UK, and there is potential exposure just because of the amount of money that is coming in and out of the country as well.

Tim Eaton: There is a slightly counterintuitive element to this, in a way. The presence of Turkish and indeed Russian contractors in Libya in some ways has reduced the potential for nationwide conflict in Libya, because it has created a buffer and inhibited perhaps the expansion of localised battles on the same scale that we have seen prior to 2020.

In that sense, there has been a degree of benefit, but of course the overall impact is malign in terms of the expansion of all these armed groups and armed factions, and their capture of almost everything in the country. With the absence of a political process, it is those negotiations and factions that are really driving what is going forward, and that is why you will see the rapid expansion of corruption and the diversion of state resources, because it has perpetuated a very vicious cycle.

Q213 **Chair:** I was interested that some Libyans had suggested that the former Prime Minister and current Foreign Secretary had broken it, so perhaps he should come and fix it. How do you think he would be received if he was to visit Libya now as the Foreign Secretary?

Peter Millett: He would be very warmly received after his involvement in 2011 and 2012. He visited Benghazi and Tripoli in 2011 after the end of the revolution. He was very warmly received then. There has been an expectation that the UK would follow up.

When you look at the context in 2011, many Libyans then said, "Thank you very much, NATO. We can now do this ourselves". It was a misjudgment not to have significant programmes in place to help them rebuild the country. We did not realise the extent to which Gaddafi had emptied out the institutions of the state.

Let us say the Foreign Secretary went to Libya, showing high-level interest in political stability and supporting a political process. I agree with Tim. At the moment, the UN process is not heading in the right direction. The UK is seen as non-partisan, neutral and influential, partly because it is the penholder in the UN, but also because we can have influence in all these other countries to bring this together so that there can be a unified Government and elections in due course, and to be ready to contribute to economic reform and security sector reform. These are both areas where we have understanding and knowledge, and can select the areas where we can bring real benefits.

Tim Eaton: I agree wholeheartedly. There is a strong sense of apathy and resignation within Libya at the moment with the state of political negotiations. It has been the same discussion over and over again, with those elites being able to decide their own future and only being willing to sign on to something that they will benefit from. If they cannot, they will stick with what they have, so we have been in this perpetual stasis.

Some energy and diplomatic initiative would be very warmly welcomed by the Libyan people. There was a moment, particularly after the devastating floods in Derna and the Green Mountain region, where high-level engagement was needed. Of course, 7 October very swiftly removed the spotlight. If you look at it from the perspective of the population, no senior Libyan figures took responsibility for what happened, which probably killed over 10,000 people. There has been no impetus into any political process to fix any of the problems within the Libyan state. High-level engagement would really be a shot in the arm of these types of initiatives, and very much needed to encourage the right types of negotiations.

Peter Millett: One small thing that the Foreign Secretary could do is to support our trade effort. I just want to talk a little bit about the Libyan British Business Council.

Q214 **Chair:** I was going to bring you on to that, Peter, so you have jumped right in. Do carry on.

Peter Millett: We have 120 members. We have a lunch across the road with over 100 people in a couple of days' time. I am taking a trade mission to Tripoli and Misrata in three weeks' time. It is the third time we

have taken a trade mission to Libya in the last two years. We went to Tripoli in November 2022. We went to Benghazi last year. A lot of British companies want to do business in Libya. A lot of Libyan companies and institutions want to do business with the UK.

The main obstacle is the travel advice. I have written to the Foreign Office twice in the last two years asking for a small change to travel advice. There has been a ceasefire in place now since 2020. There has been no terrorist attack in Libya since 2018. There is a risk of armed groups clashing with each other, but that is clashing with each other, not targeting foreign visitors.

We have asked, as an institution, for the travel advice to be amended from "thou shalt not go to Libya" to allow short visits to Tripoli, Misrata and Benghazi. That would be a small step and a gesture to Libya. You are not saying that there is no risk whatsoever, but you are saying that the risk is acceptable to allow short visits. That would be a very strong signal of British support for the long-term prosperity and stability of Libya.

Q215 **Chair:** When I was in the Air Force, which is a long time ago, we were training the Libyan air force then, so the links are long and historic. I know of two or three businesses that were in Libya and left post or before 2011. There is probably an appetite, but are there any particular sectors that are interested in investing in Libya, from your experience with the Libyan British Business Council?

Peter Millett: Some is investment. It is a little-known fact that Chestertons estate agency was owned by a Libyan, and he sold it recently for a vast amount of money and is now investing it in Libya. He is also a member of our council.

The main sector is obviously oil and gas. The Government is 97% dependent on oil and gas money, but they want to modernise and reduce the amount of gas and methane that is flared, so there are a lot of environmental things that we can do. There is renewable energy. Education is a major sector. Security is obviously a sector as well. We have the banking sector, finance and management, and management consultancy. Across the board, we have lots of different companies, from large to small, but the main area is modernising the Libyan economy.

Even on the oil and gas sector, they need to modernise after 10 or 12 years of not really being able to invest. It is about modernising the economy into e-government, for example, providing services to citizens based on modern technology. There are a lot of UK companies that could contribute to that.

Q216 **Fabian Hamilton:** Do they have the infrastructure to have a digital economy or a digital Government?

Peter Millett: They have the infrastructure. E-money would be a very good example, being able to apply for your visa or passport online. These

are small things that could probably be done within the available IT systems.

Q217 **Chair:** In a word or two, notwithstanding everything we have seen in the past, how optimistic are you for the future of Libya?

Peter Millett: It is always difficult to make predictions with a country like Libya. Politically, they will continue to muddle through. There will be uncertainty in terms of the political process, whether it is a UN-led process or a Libyan-led process. The major obstacle here is that most of the people in power are very comfortable with the status quo. Therefore, you would be proposing change and elections when there is not a huge tradition of elections. The elections have not taken place for the last 10 years, but the Libyan citizens want elections to happen. If there can be free, fair and uncontested elections, that would help to unify the country.

On the security side, the ceasefire is in place, so from a security point of view, yes, it is fragile, but the systems are there to provide security. Economically, the oil is flowing. It is coming into the central bank. There is a big debate as to where it goes and how it is shared out, but investing that money effectively for the benefit of citizens is something a new, unified Government needs to concentrate on, and the UK can provide support there.

Denisse Rudich: I agree with what Peter just said in terms of investing the money for the benefit of the citizens. It is really important that the right enabling environment is created to promote transparency and to make sure that trade financing arrangements are not misused while allowing for money to flow into Libya, but still protecting the UK and other countries from being exposed to illicit financial flows.

I tend to always be hopeful. It is really interesting to hear Peter and Tim's thoughts as well. It is about finding that balance of making sure that people are able to access finance, that infrastructure is being developed, and that the money for infrastructure is actually going for the development of infrastructure instead of for a house, a car or a diamond, or the private or university education of the family members of the ruling elite. The UK is in a position to work on that and encourage that to happen.

Tim Eaton: There are some major reasons for optimism, such as the ability of the Libyan state to fund itself and the absence of major sectarian divides. We have not seen the fatality rates in conflict of some other countries in the region. Those aspects are real reasons for optimism.

Of course, there are steep challenges. The success or the ability to realise the optimism will depend on the ability to forge an accountable and transparent governing system. That should be the focus, because ultimately, if there can be consensus on a system of Government, there

is plenty of resource to make that effective. There is definite reason for optimism.

I would just like to add, which we did not get to, some of the things that are going in the wrong direction, particularly with civil society. The governing authorities have effectively sought to outlaw civil society and prevent any criticism of their behaviours, which is an integral part of any accountable and transparent system. This, again, should be the focus of international engagement, by asking questions of those leaders on these issues, tough questions around what they are doing to address the challenges, and applying tools of pressure. That could create the right kind of environment to realise the potential of the country.

Q218 **Fabian Hamilton:** Is Khalifa Haftar still a threat to security, stability and peace in Libya?

Peter Millett: His ambition has always been to take power and then address the political issues. The failure of his military assault on Tripoli in 2019-20 put him back in his box, but he is still a player. He controls the east of Libya; he controls the south of Libya. We always used to say he is not the solution, but he has to be part of the solution. There will be no stable Libya unless the political process leads to a process that he can buy into.

Q219 **Fabian Hamilton:** Is he still funded by various nefarious organisations and states?

Peter Millett: Tim knows who he is funded by.

Tim Eaton: If you look at Haftar and his wider family, they effectively control the eastern region. They have direct interests in its economy. Major institutions of the state are directly under the control and the grip of the wider network.

In a way, the Haftar network has replicated some of the behaviours that we have seen in the other parts of the country, where armed groups have effectively infiltrated elements of the state and ensured access to their resources on an ongoing basis. In a way, this is very much a threat to the future of Libya, but at the same time it is a major reason why there is not a direct outbreak of conflict.

If we look at it in terms of strategic threats, Haftar is the principal partner of Wagner. Threats to the oil sector as well have largely come from the Haftar camp, so a series of threats remain on the table from the Haftar family.

Q220 **Chair:** Finally, is there anything that we perhaps should have asked you but did not?

Peter Millett: We have covered most of the points that I had in mind. Thank you.

Tim Eaton: I would just like to reiterate the point on Derna. It is unclear how many people may have died as a result of conflict since 2011, but it is likely that that number is broadly similar to the number of people killed just in Derna alone as a result of that crisis.

Several months on from that crisis, we still see precious little action. This is something where the UK should be vocal and do what it can, because we have people living in horrendous conditions, and it is really a disaster for the country that needs to be addressed.

Denisse Rudich: That would have been a great place to end, but my point is about the need to address the black market in Libya and the existence of two foreign exchange rates, which are fuelling criminality. This is linked to the need to unify the Central Bank of Libya and the financial system.

At the moment, it is incredibly difficult to identify where illicit finance starts and ends, and where the illicit economy starts and ends. There is a dependency on individuals and legitimate businesses to be able to operate in Libya using the black market. Until that gets addressed or untangled in some way, I believe the corruption will continue to thrive.

Chair: Thank you very much for your evidence. It has been fascinating.