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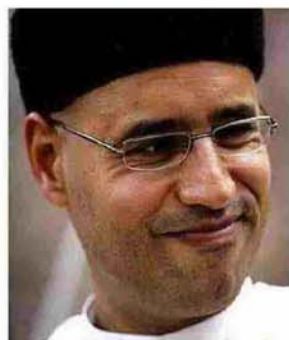
ANNEX 9.38

Libyan Old Guards blocking Gaddafi's liberal son take over

Written by Agencies

Monday, 01 February 2010 13:24

Un Chief lambasts "unconstitutional" power changes in Africa



As Libya titters about who should ascend to the powerful position and eventually become the leader of the Oil rich nation which has seen no leadership change in the last 42 years the Un secretary General Ban Ki-Moon has expressed concern about the "unconstitutional" and "Constitutional manipulation as a way to grab power.

Libya's powerful old guard appears to be holding up the appointment of Muammar Gaddafi's western-leaning son to a top government role, leaving prospects for reform in the north African country as murky as ever.

Libya has emerged from years of diplomatic isolation and begun to cooperate with the West on security and migration.

Companies like BP and Exxon Mobil are spending billions of dollars to tap Africa's

biggest proven oil reserves.

But establishment conservatives remain deeply suspicious of foreign interference and hopes have dimmed that the end of sanctions would mean greater political openness, deeper trade ties and a transparent business environment.

Reform advocates found a reason for optimism in October when Gaddafi named his son Saif al-Islam, who negotiated Libya's exit from sanctions, to be head of the Social Popular Leadership.

The grouping of business, union and political leaders was established in the 1980s to give a voice to tribal interests that underpin his father's system of grass-roots government.

The Leadership is viewed as less tainted by corruption than other areas of government and the appointment would have made Islam the country's second-most powerful figure.

But Islam has not taken up his new functions and the issue did not come up for discussion last month at the General People's Congress, Libya's top consultative body.

A high ranking Libyan official told newspaper Asharq al-Awsat on condition of anonymity that Saif al-Islam was not about to assume an official government role and was sticking to a decision made in 2008 to retire from public life.

Experts say Islam may be just biding his time.

"We believe that the Leader is still determined that Saif al-Islam will become Coordinator of Social People's Leadership and that Saif will begin to manage the day-to-day running of domestic affairs," said Charles Gurdon, a Libya expert at London-based consultancy Menas Associates.

Libya analysts say Islam wants power and needs to build support among ordinary Libyans to sideline the old guard and win over senior figures like Foreign Minister Musa Kusa and former intelligence head Abdullah Senusi.

Islam's supporters say he will enter government when Libyans gain more political freedom and transparent state institutions.

"I think Saif is genuinely interested in building popular support and sees these appeals to democratization and reform as a way to do so," said Geoff Porter, an analyst at Eurasia Group.



Saif al-Islam suffered a blow last month when two newspapers owned by Al Ghad, a media company that he helped establish, suspended publication. The group's troubles were damaging Islam's image as a manager and decision maker.

The end of sanctions allowed goods to flood into Libya and inflation is gnawing at incomes, focusing frustration at the government's apparent failure to improve living standards.

Growing oil income still pays for generous subsidies and government salaries. Gaddafi has watered down the centralized economy and state-run markets that once offered only bare necessities now sell many appliances and household goods.

But ordinary Libyans complain of bad schools and utilities, archaic banks and elephantine bureaucracy.

Many say that fortune in Libya favors the well-connected, who speed around Tripoli in luxury SUVs and whose fat wallets have enticed a host of luxury retailers to open stores there.

Islam has spent years cultivating an image as a reformer with the influence to challenge corrupt apparatchiks, make government more transparent and strengthen the judiciary so it can stand up to powerful interests.

Libya watchers say he is clearly being groomed to succeed his father but conservatives will throw obstacles in his way.

Advocates of institutional reform say Islam still has a far better chance of leading the government than his other brother Mutassim Gaddafi, Libya's national security adviser who made a rare public appearance in Washington last year.

Meanwhile in Addis Ababa where the AU General assembly is taking place UN chief Ban Ki-Moon on Sunday criticized power-grabs in Africa in a speech to the continent's leaders as Libya's Muammar Gaddafi reluctantly handed over the presidency of the African Union to Malawi.

The build-up to the three-day AU summit in Addis Ababa had been dominated by the expectation that Gaddafi would try to extend his 12-month tenure as head of the 53-member body.

On the first day of a summit in Addis Ababa, Malawi's President Bingu wa Mutharika was selected to succeed Gaddafi, even though diplomats said Gaddafi was seeking another term.

The Libyan leader used his farewell speech to again urge African leaders to begin the process of political unification, which was a large part of his agenda during his chairmanship.

He also criticized the AU for "tiring" him with long meetings and making declarations and reports without asking him.

"It was like we were building a new atomic bomb or something," he said, referring to meetings that had lasted long into the night and that he characterized as "really useless".

"The world's engine is turning into 7 or 10 countries and we are not aware of that," Gaddafi said, dressed in a white robe and black fur hat.

"The EU is becoming one country and we are not aware of it. We have to get united to be united. Let's be united today."

An African unity government is a goal of the AU's founding charter goal and Gaddafi, supported by leaders like Senegal's Abdoulaye Wade, has been pushing for union for years, saying it is the only way Africa can develop without Western interference.

But members, led by South Africa and Ethiopia, argue the plan is impractical and would infringe on sovereignty.

The Malawian leader promised to make battling hunger a top priority.

"Africa is not a poor continent but the people of Africa are poor," wa Mutharika said. "Achieving food security at the African level should be able to address the problem."

In recent years, Malawi has enjoyed bumper harvests following the introduction of a fertiliser and seed subsidy programme.

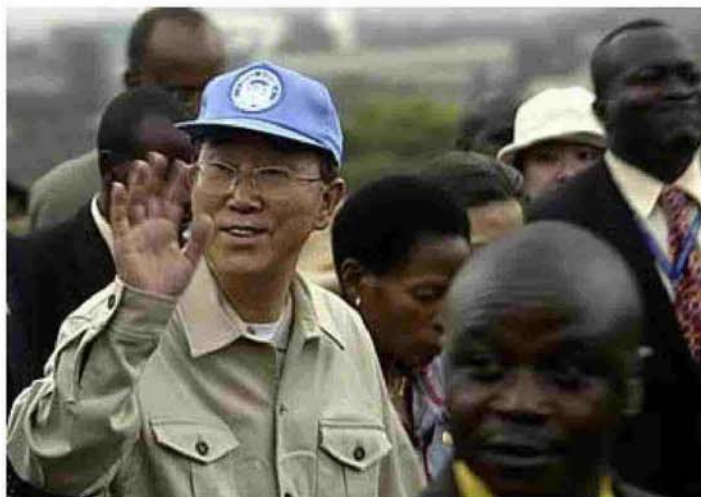
Although leaders fought over who would be chairman, they agreed on the need to support leaders of transitional governments in Somalia, Guinea and Sudan, and for tough action against feuding politicians ignoring AU directives in Madagascar.

The chairman of the AU commission, Jean Ping, said there would be unspecified consequences for parties that go it alone in resolving Madagascar's year-long political crisis. They have been given 15 days to respond to AU power-sharing proposals.

Mr Ban said the United Nations also would continue to provide financial support to AU peacekeepers in anarchic Somalia, as the conflict has a "direct bearing on global security".

An AU peacekeeping force of 5,000 -- provided by Burundi and Uganda - is struggling to hold back Islamist rebels in Somalia. The AU has repeatedly asked for UN peacekeepers to bolster its efforts but has only been given funding.

The veteran Libyan leader's presidency of the body has been marked by his efforts to promote his vision of a



"United States of Africa" - a project that has made little progress during his 12 months in charge.

It has also prompted awkward questions about the continent's commitment to democracy, given the absence of free elections in Libya ever since Gaddafi took power in a bloodless coup in 1969.

Mr Ban expressed concern about what he called a recent resurgence of "unconstitutional" power changes in Africa and rapped attempts by incumbents to change the law in order to help them stay in office.

"The resurgence of unconstitutional changes of government in Africa is a matter of serious concern," said Mr Ban, the United Nations secretary general.

"We must also guard against the manipulation of established processes to retain power."

In an interview with international news agencies on Sunday, Mr Ban put particular emphasis on the fate of Sudan, where tension has been mounting in the run-up to a 2011 referendum in which the south is widely expected to choose independence from Khartoum, only six years after signing a peace deal.

He called the situation prevailing in the western Sudanese province of Darfur a serious situation which reflects and exposes our limitations".

"The UN has a big responsibility with the AU to maintain peace in Sudan and make unity attractive... "This year will be crucially important for Sudan with the election in three months and the referendum in a year," he said.