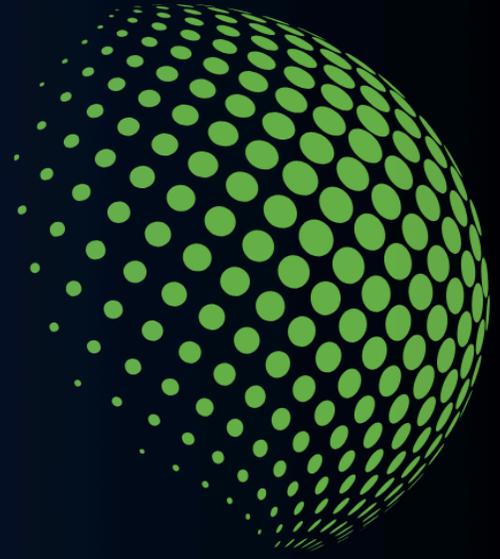


LIBYA

Energy Insights

MONTHLY EDITION



THE LEADING PUBLICATION ON LIBYAN
ENERGY MARKETS



/ 2025

Executive Summary

Market Outlook

Libya's market outlook remains defined by a sharp contrast between promise and peril. On paper, the country holds some of the world's most attractive energy assets: vast untapped reserves, low production costs, and natural advantages in solar that could support ambitious diversification. International oil companies are re-engaging, global buyers continue to value Libyan crude, and international partners show interest in financing infrastructure and renewable energy. Yet these opportunities are undercut by structural fragility. Political fragmentation, competing claims over the National Oil Corporation, intermittent security crises, and a chronically unstable electricity sector keep Libya firmly in the category of high-risk destinations. Without a durable political settlement and institutional reform, market engagement will remain opportunistic and vulnerable to sudden reversals, leaving the country's considerable potential only partially realised.

Key Highlights

- The permanent appointment of Masoud Suleiman as NOC chairman may ease tensions temporarily, though rival factions remain entrenched.
- International oil companies are returning but risk underestimating Libya's volatile security and political environment.
- Security in western energy hubs such as Zawiya remains fragile, underscoring the vulnerability of critical infrastructure.
- Eastern authorities have launched large-scale rehabilitation projects to stabilise the electricity grid, while western Libyan responses remain limited and ad hoc.
- Libya has vast renewable energy potential, yet progress toward its target of 30% renewable energy in the mix by 2035 is slow and hampered by fragmentation.
- External markets are shifting: Indian refiners and French oil buyers are strengthening ties, while Italy reduces gas imports, reflecting changing European energy strategies.
- Unresolved maritime disputes with Egypt and Greece cloud offshore exploration prospects and raise geopolitical risks.
- Overall, Libya remains a high-risk but high-potential destination, with opportunities tempered by political instability, weak governance, and shifting global energy trends.

Risk matrix for Libyan oil output

RISK	SEVERITY	LIKELIHOOD	MITIGATIONS / WARNINGS / REMEDIES
SPLIT BETWEEN EASTERN AND WESTERN LIBYA	UNDESIRABLE	PROBABLE	Masoud Suleiman cementing his position as the head of the NOC signals appeasement between east and west Libya. However, Libya is still far from political unification and Dabaiba's fragile position further encourages his rivals to push for his eventual demise if the UNSMIL and Washington fail to bring about major political deals. As things stand, a blockade would be too heavy-handed but the LNA may also change its calculus if it feels that maximum pressure will almost certainly oust Dabaiba from power.
RETURN TO ARMED CONFLICT	INTOLERABLE	PROBABLE	Failure to pacify western Libya could lead to protracted war which, despite taking place mainly in urban centres, will open the way to disruptions in the oil and gas sector, either with pro or anti-Dabaiba militias interrupting operations in Tripolitania or the LNA applying pressure through a blockade.
DIVISIONS BETWEEN NOC AND MINISTRY OF OIL	UNDESIRABLE	POSSIBLE	The NOC chief and Oil Minister, despite the former being close to the Haftars and the latter to the Dabaibas, have a relatively good working relationship focused on co-managing the energy sector, putting down fires together, and focusing on the bidding round. Now that Suleiman's position is permanent, there are reasons to believe that disputes with subsidiaries will subside while inter-institutional cooperation will improve. However, legislative efforts to revise the NOC's legal status could bring about a new level of politicisation and costly debating - even if they hold no legal ground.
FORCED SHUTDOWNS BY LOCALS	UNDESIRABLE	PROBABLE	Public anger in western Libya is reaching a boiling point. If a political solution is not quickly found to pacify Tripoli and tackle grievances, the situation will further escalate with real risks of localised shutdowns, notably in Mellitah where gas flows to Italy, which is perceived as an ally to Dabaiba.
STRIKES BY O&G WORKERS	TOLERABLE	POSSIBLE	There is so far no risk of nationwide strikes by oil and gas workers.
TERRORIST ACTIVITY	UNDESIRABLE	POSSIBLE	The deepening political legitimacy crisis, the potential deadlock it would bring to the security track cooperation, and the risk of return to armed conflict provides a breathing space for extremist activity in Libya.
SABOTAGE ATTACKS BY PMCS	UNDESIRABLE	IMPROBABLE	A risk that Moscow could utilise attacks by Russian PMCs in Libya on Libyan oil and gas facilities in order to disrupt the West's efforts to stabilise oil and gas prices globally remains albeit it is less likely than it once was.

ACCEPTABLE = LITTLE TO NO EFFECT

TOLERABLE = EFFECTS ARE FELT, BUT NOT CRITICAL TO OUTPUT

UNDESIRABLE = COULD RESULT IN PARTIAL SHUTDOWN/BLOCKADE

INTOLERABLE = COULD RESULT IN COMPLETE SHUTDOWN/BLOCKADE

IMPROBABLE = RISK IS UNLIKELY TO OCCUR (10% - 30%)

POSSIBLE = RISK IS LIKELY TO OCCUR (40% - 60%)

PROBABLE = RISK IS HIGHLY LIKELY TO OCCUR (70% - 90%)

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This report is part of our **ENERGY INSIGHTS** series, a monthly publication developed by LIBYA DESK™ to help clients navigate Libya's energy markets.

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Political Risk

Renewed call for caution in Libya's oil and gas sector

Summary: Masoud Suleiman is now full-time NOC chairman, a move that may ease some internal and political tensions. However, clashes in Zawiya's refinery as well as continued debates over the legal status of the NOC continue to remind observers of Libya's instability. Despite these risks, international oil companies (IOCs) and service firms are expanding operations in Libya, emboldened by the belief that political risks can be managed through direct ties with local stakeholders and external patrons such as the United States and Turkey. This confidence, however, mirrors past episodes of hubris that ended in costly setbacks.

A closer look: Via Government of National Unity (GNU) Cabinet Resolution 689/2025, Masoud Suleiman has cemented his position as the head of the NOC after his initial appointment as acting Chairman in January. This decision follows months of back-and-forth between the GNU and Libyan National Army (LNA), which culminated in Rome with a meeting between Saddam Haftar and Ibrahim Dabaiba in early September – in close coordination with Washington which is seeking to unify positions between Libya's political rivals in order to unlock energy investments. While the meeting was not immediately fruitful, the decision to give Suleiman a permanent role at the head of the NOC signals at least a temporary end to bickering over his replacement and will likely cause subsidiary leaders to be more receptive to Suleiman's directives.

Despite this appeasement, Libya's energy sector remains at high risk of political infighting. The legislative branch in the form of the House of Representatives (HOR) and High Council of State (HCS) is advancing proposals to reclassify the NOC as a sovereign institution under their joint authority. Despite their longstanding differences, the HOR and HCS are cooperating on this issue as they are hoping to capitalize on the United Nations Support Mission in Libya's (UNSMIL) political plan to unite Libya's executive authority. The idea of turning the NOC into a sovereign institution clashes with existing oil laws that grant the corporation financial and operational autonomy, for the apparent sake of drawing the institution back under "popular supervision" – even if the two legislative bodies themselves lack much political legitimacy. Overall, their futile attempt is legally baseless and not supported by other political actors but it reflects the continued politicisation of the energy sector, in particular the NOC.

Security dynamics compound these institutional uncertainties. In western Libya, clashes in Zawiya between local security forces and criminal groups over drug trafficking spilled into the city, resulting in casualties near the refinery and a temporary suspension of operations there. While a ceasefire was eventually brokered, the incident illustrates the

GNU's inability to impose authority in its territory and highlights persistent risks to critical oil infrastructure.

Go deeper: The recent surge in IOC interest reflects growing international appetite for Libyan oil, especially amid global pressures for cheap and alternative supply as sanctions pile on Russia, Iran and Venezuela. Companies increasingly assume that maintaining relationships with the GNU, LNA, or rising energy actors such as Arkenu will provide sufficient political cover to mitigate risks. Some also place undue confidence in the ability of U.S. and Turkish involvement to guarantee stability. Yet this belief is misplaced: American engagement is largely superficial, focused narrowly on stable output rather than deeper political settlement, while Turkey's support for Tripoli is pragmatic rather than absolute, leaving it prepared to adapt should the GNU weaken or collapse. The assumption that external patrons will shield the sector from turmoil underestimates Libya's volatile internal dynamics, as shown by previous episodes under Ibrahim Jadhran and Mustafa Sanallah, when companies suffered financial losses after overestimating the durability of political arrangements.

Bottom line: International energy companies are demonstrating renewed interest in Libya, convinced that they can navigate political instability and localised security risks in pursuit of attractive oil opportunities. This confidence, however, risks repeating past mistakes: reliance on local powerbrokers and assumptions of external protection have historically proven fragile, leaving firms exposed to sudden policy shifts, contractual disputes, and security breakdowns. While Libya's energy sector offers significant rewards, sustainable engagement requires a sober recognition of persistent political fragmentation, weak security institutions, and structural financial risks. Companies that underestimate these dynamics may once again find themselves blindsided.

Business Intelligence

Recent developments in the oil and gas sectors

Summary: Libya's oil sector remained broadly stable throughout September, with crude output fluctuating between 1.38 and 1.39 million barrels per day. The month was marked by a series of noticeable operational developments, yet no major upward trend in terms of production. Likewise on the external front, Libya faced both opportunities and challenges: India stepped up its spot purchases of Libyan crude, France expanded trade links, while Italy signalled a gradual reduction in gas imports.

A closer look: Production stability has been a common theme in Libya this year. The National Oil Corporation's (NOC) subsidiaries have been hard at work maintaining and activating existing wells in addition to initiating drilling in a few new locations. This month, Waha Oil Company (WOC) announced a record production rate of 365,000 barrels per day, which is about 15,000 barrels per day more than last year. This achievement came alongside the completion of multiple new or revived wells, including Libya's first horizontal well in the Bayda reservoir (+1,000 bpd), and high-performing wells at the al-Daffa (+4,100 bpd from B222H-59W), and Faregh (+1,470 bpd from well BB7) fields. The Faregh field also produced nearly 30 million cubic feet of gas per day from its new BB19 well.

At the same time, other NOC subsidiaries also contributed to new output. The Arabian Gulf Oil Company (AGOCO) reported the rehabilitation of wells at the Hamada field, which sharply reduced water cut while increasing production thanks to U.S. firm Schlumberger's participation. The company also boosted output to almost 5,000 barrels per day in well L096 in the Sarir field, which was launched earlier in January with an initial output of 1,600 barrels per day. Sirte Oil and Gas also scored a technical breakthrough with directional drilling in the Zilten field (+1,400 bpd from well C343H-6), while Akakus Oil Operations Company completed a new tie-in at its D-43 well adding 1,040 barrels per day of output. These developments highlight both the value of advanced technology and the growing role of Libyan technical staff. However, such output increases are just about enough to limit production drops from ageing fields and infrastructure, hence the stagnant output despite Libya's expansionary plans.

Market dynamics: Market dynamics presented a mixed picture. On one hand, Indian refiners turned to Libya as a supplier, securing shipments on the spot market as part of their shift away from Russian crude under U.S. pressure. Libyan exports to France, primarily in the form of oil, have also increased year-on-year by 18.5%. On the other hand, Italy's Edison announced plans to gradually reduce imports of Libyan gas, citing its pivot toward Liquefied Natural Gas (LNG) in line with broader European energy diversification strategies.

This highlights Libya's vulnerability to technological preferences as the country's only LNG plant in Marsa al-Brega remains inactive while no major LNG investment has been

undertaken in the last decades. Even if the Greenstream pipeline to Italy makes sense due to geographic proximity, Edison's decision shows that European buyers have specific requirements, including the flexibility that LNG shipments provide, and that gaining and maintaining clients requires a comprehensive strategy from upstream to downstream, adopting in-demand technologies.

A notable development in the district of Nalut, western Libya, has been the laying of foundation for a \$600 million cement plant which should produce 12,000 tonnes of cement daily via two production lines, a project which would benefit Libya's growing construction industry and strengthen domestic resilience. Interestingly, the plant will be accompanied by later projects in petrochemicals as well as solar power, and its company will be publicly listed to draw local investors and include Libyan public and private companies in plans to diversify the economy and strengthen high-value energy-intensive industries

Go deeper: Foreign partnerships and diplomacy were another important theme this month. The NOC held a high-level meeting with Schlumberger in Tripoli, exploring ways to expand the company's operational footprint and strengthen technical training. The NOC also participated in international workshops with OMV and in the French-Libyan Energy Forum in Paris.

On the diplomatic front, Oil Minister Khalifa Abdelsadek used the Gastech conference in Milan to meet with the U.S. Secretary of Energy and later held talks with U.S. charge d'affaires Jeremy Berndt in Tripoli to discuss greater American business participation in Libya. His meeting with Nigerian officials also revived vague discussions of a Nigeria-Libya-Europe gas pipeline, which would offer a shorter route than competing Algerian or Moroccan projects. Meanwhile, Tripoli prepared to host the Libya-Africa International Gas Forum due on 6-7 December, pointing at the importance of gas for Libya's future energy mix and exports.

In parallel, maritime disputes have resurfaced, with Egypt formally rejecting Libya's declared continental shelf claims and warning that its agreements with Turkey are illegal under international law. Greece, too, reiterated its opposition to the 2019 maritime memorandum with Ankara and announced plans to accelerate talks with Libya on delimiting Exclusive Economic Zones. Both disputes highlight the geopolitical constraints that still overshadow Libya's offshore ambitions.

Bottom line: The Libyan hydrocarbon sector's future is not without challenges. Europe's diversification away from pipeline gas threatens a key revenue stream, and unresolved maritime disputes could complicate offshore exploration and investment. For now, the sector continues to underpin Libya's fragile economy, but its long-term trajectory will hinge on whether the country can secure sustained investment, strengthen its downstream sector and diversify export routes.

Push to strengthen Libya's crippled electricity sector

Summary: Electricity outages have crippled economic activity, aggravated living conditions, and deepened public frustration. Responses have varied by region: eastern authorities have rolled out extensive rehabilitation projects to stabilise the grid, while western authorities have taken a more limited and reactive approach, focusing primarily on fuel supply and emergency fixes. Considering consistent electricity shortages each year, Libya desperately needs to focus on renewable energy, which Tripoli pledged to bring to 30% of the energy mix by 2035 – a tough feat despite the country's vast potential.

A closer look: Even worse than previous years, the hot summer has skyrocketed energy demand in Libya, which the limited infrastructure could not keep up with, thus leading to blackouts lasting between 7 to 12 hours while the General Electricity Company of Libya (GECOL) struggles to provide solutions and explanations. Notably, the electricity sector has administratively become divided this year, thus further entrenching geographic disparities in electricity services.

In the east, the GECOL and the Fund for Development and Reconstruction have taken the lead in an ambitious overhaul of the grid. More than 105 projects were completed in under a month, ranging from transformer installations to large-scale repairs and network support initiatives. These efforts are part of a wider programme supervised by the Supreme Committee for Resolving the Electricity Crisis. On the ground, projects in Benghazi illustrate this renewed momentum: new high-voltage connections between key substations are close to completion, reinforcing the city's power supply in line with its growing industrial and urban demands. Additional capacity is also being added through the overhaul of gas-fired units at Sarir and Zueitina, as well as through smaller but strategic initiatives such as the construction of power stations in Ajkhara. Together, these steps suggest a concerted attempt to turn the corner on years of chronic instability in the eastern grid.

By contrast, the west has seen fewer structural interventions. Authorities have focused instead on ensuring fuel supply to existing power plants. Meetings between the National Oil Corporation, the General Electricity Company, and Brega Petroleum Marketing Company emphasised provision, storage expansion, and diesel stockpiling to maintain output during refinery maintenance and gas flow disruptions. While these measures have prevented complete shutdowns, they remain stopgap responses rather than a comprehensive plan to strengthen the grid. The fragility of the western system was underscored in September, when unauthorised excavation works in Tripoli damaged underground cables and triggered a full power outage, highlighting both technical vulnerabilities and the lack of coordinated infrastructure protection.

Go deeper: Libya has one of the highest untapped renewable energy capacities in the Arab world. Experts estimate the country could generate enough to cover domestic demand many times over. Yet, as of 2024, renewables make up just 0.03 percent of total electricity generation, unchanged since the first solar entry into the mix in 2010. Heavy

reliance on natural gas and fuel— providing respectively 74 and 26.6 percent of electricity output per the International Energy Agency —has created structural vulnerability, as recurring shortages and damaged infrastructure lead to long blackouts across all regions. TotalEnergies' 500MW al-Sadada solar project, poised for next year, will be a major first step into energy security - although timely delivery remains an open question.

The Tripoli-based Government of National Unity (GNU) is attempting to reposition electricity and renewables as a strategic national priority. In September, the Ministry of Oil and Gas launched the “Energy Jeel Initiative” to engage young Libyans in shaping a clean energy future. The National Conference on Just and Sustainable Energy Transition gathered officials, UNDP, and private partners to discuss solar and wind projects, grid rehabilitation, and the gradual substitution of gas-fired power with renewables. Simultaneously, major players have been courted: a Turkish delegation proposed large-scale solar investments and domestic manufacturing of electrical equipment, while the UK Lighting Group and AGOCO explored renewable integration into oilfield development. Trafigura, too, has entered discussions to provide clean energy solutions for the hydrocarbon sector, highlighting how freeing up natural gas for export is central to Libya's energy calculus.

Bottom line: Chronic outages and fuel smuggling have crippled the grid and deepened public anger. Yet, the government's embrace of renewable energy—though still largely aspirational—signals recognition that long-term stability requires diversification away from fuel and gas dependence. The question is whether political fragmentation, weak governance, and entrenched vested interests will allow Libya to move from ambitious plans to implementation. If successful, the energy transition could both stabilize the domestic electricity crisis and free up hydrocarbons for export, strengthening state revenues at a critical juncture.

Future Outlook

Libya's energy sector remains a paradox of opportunity and fragility. On the one hand, production has held steady and technical progress in oilfield rehabilitation demonstrates the ability of Libyan engineers and international partners to sustain output. On the other hand, persistent institutional battles over the NOC, combined with recurring security breakdowns, highlight the structural weaknesses that continue to undermine investors' prospects. The recent appointment of Masoud Suleiman as permanent NOC chairman may temporarily ease tensions, but rival factions remain entrenched, and legislative attempts to reclassify the NOC's legal status threaten to politicise it further.

International oil companies (IOCs) are returning to Libya with renewed confidence, motivated by global demand for cheap and alternative crude. Many firms assume that relationships with local stakeholders, or the involvement of Washington or Ankara, will shield them from volatility. Yet this belief risks repeating past mistakes. Libya's political settlement remains elusive, and security in key areas such as Zawiya illustrates just how quickly instability can disrupt operations. Without a sober appreciation of these dynamics, international engagement could once again result in losses rather than gains.

Beyond hydrocarbons, the electricity sector illustrates both Libya's vulnerabilities and its untapped potential. Chronic blackouts have crippled economic life and fueled public anger, particularly in the west where responses remain largely ad hoc. By contrast, eastern authorities have launched more ambitious rehabilitation projects. Across the country, however, renewable energy remains marginal despite Libya's vast solar capacity. Current initiatives and international interest in renewables suggest a possible pivot, but entrenched political fragmentation continues to stand in the way of meaningful reform.

External market trends further complicate the picture. While Indian refiners and French buyers have deepened trade ties, Italy's decision to scale down gas imports underscores Libya's exposure to shifting European energy strategies and technological preferences. Without investment in LNG and downstream capacity, Libya risks being sidelined in future energy markets. At the same time, unresolved maritime disputes with Egypt and Greece cloud prospects for offshore exploration, adding a geopolitical layer to the uncertainty.

Taken together, these dynamics paint a picture of a sector caught between short-term resilience and long-term vulnerability. Oil revenues continue to prop up Libya's economy, but overreliance on hydrocarbons, weak institutions, and persistent security threats make for a precarious foundation. Unless Libya can strengthen governance, diversify its energy mix, and adapt to changing global markets, the promise of its resource wealth may once again be squandered. For companies and policymakers alike, cautious engagement grounded in realism—not hubris—remains the only sustainable approach.

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