

2008-2009 Full Normalization Action Program:
Moving the New Libya- U.S. Bilateral Relationship Forward



Submitted by:



EXECUTIVE SUMMARY

The success of the last few months of activity (PHASE I) , building on the hard work of these last five years since rapprochement between Libya and the United States, enables us to look forward to a program of action (PHASE II) that energetically can be implemented over these next months.

Having the protracted settlement issues resolved and having begun to provide a positive “re-introduction” of Libya on Capitol Hill, opens up important possibilities and momentum for the bilateral relationship that heretofore was impossible to contemplate, much less fulfill.

It is a very exciting and important time for Libya vis-à-vis the United States, both programmatically and in terms of the opportunities for a new relationship and image.

This document seeks to present the range of immediate and longer-term steps we recommend for consideration and direction by the Government of Libya (Libya) at this sensitive and new juncture. The elections about to take place in the United States (presidential and congressional) also will provide new challenges and opportunities for the relationship and need to be carefully monitored and strategically anticipated.

The end of the Bush administration also requires thinking and acting tactically and opportunistically in terms of what can be accomplished over these next six months.

The Livingston Group (TLG) as your congressional, political and policy counsel and representative is pleased to present to you the Phase II program for this fall and looking ahead to the new year. We are very pleased to have been able to accomplish with you the desired Phase I goals as determined this spring, and we are ready to tackle this continuing and new set of challenges so essential to a successful bilateral and fully-normalized relationship between Libya and the United States.

This document offers the range of actions and priorities as we understand them to be of central importance to Libya and our recommendations for your decision on optimal timing and how best to achieve success. We have organized this Phase II Program in terms of “action item” categories.

This Executive Summary is provided to offer a brief synopsis of the attached document.

I. Phase I Activity Summary (April 2008 – August 2008)

Description and details of the successful completion of TLG activity, in terms of the settlement and waiver activity on Capitol Hill, and implications for next steps. This work enables the full bilateral relationship between Libya and the U.S. to move forward.

II. Phase II Program – Moving Forward (August 2008 - 2009)

This Section outlines in detail and within categories the opportunities and challenges provided by full normalization and TLG activity going forward.

This Action Program is divided into categories of potential activity recommended for your consideration and timely decision. Considerable detail is provided based on ideas garnered from the Embassy, targets of opportunity, priority needs and TLG's best counsel to accomplish Libya's objectives to insure a fully-functioning and productive bilateral relationship. These categories include:

- Improved Diplomatic and Political Relations

This category focuses on providing the essential roadmap for a fully- functioning and effective official relationship between the United States and Libya and to affect this as quickly as possible. This includes the priority confirmation and exchange of credentials of Ambassadors, US Embassy construction and full and effective staffing, the necessary attention to the troubling visa process which is hurting the flow of contact bilaterally, the appointment of key officers to assist in providing "hands-on" support for the U.S.-Libya business relationship and to "jump-start" U.S. aid dollars to Libya. In addition, this category focuses on the essential groundwork being created to build on congressional and executive branch relationships by reinforcing those and preparing to address the range of new players and influential individuals who will be coming to Washington and having international influence, as a result of the November U.S. presidential and congressional elections, in 2008.

- Expanded Defense and Security Cooperation

This category provides the menu of potential new and enhanced action and cooperation between Libya and the U.S. in the areas of counter-terrorism, shared defense concerns globally and regionally, and ideas for new programs that might be part of either an Obama or McCain presidential administration.

- Promotion of Trade and Investment Relationships

This category provides insights into how best to provide Libya with options for increasing and solidifying its new economic relationship with the U.S. especially in terms of potential trade agreements, and easing or even erasing impediments to a full bilateral trade relationship.

- Enhanced Business and Economic Development

This category focuses on developing stronger relationships with both the U.S. and the international business community and ideas for Libya's regional and global leadership in such forward-looking arenas as Corporate Social Responsibility. This category explores relationships with a range of U.S. agencies that could be important for Libya's economic growth.

- Special Projects

This category includes projects which may be less immediate but for which planning and preparation need to begin. Also, we view these as especially important to Libya's interests and image, which will affect perceptions of the country's influence and intentions. These include the

40th Anniversary of the Revolution as well as how Libya wishes to deal with the issue of Sovereign Wealth Funds, and shaping its own Foreign Commercial Service.

III. Capabilities

This category emphasizes the Livingston Group's (TLG) capabilities, and includes case studies, practice areas and a list of international affiliates.

IV. Team Biographies

This category explains the TLG Libya team's skill-set and applicable talents.

TABLE OF CONTENTS

I.	PHASE I ACTIVITY SUMMARY (APRIL 2008 – AUGUST 2008).....	1
II.	PHASE II PROGRAM – MOVING FORWARD (AUGUST 2008-2009).....	3
A.	Improved Diplomatic and Political Relations.....	3
1.	Establishment of a Robust US Mission in Libya.....	4
	<i>a. Expedited Confirmation of New US Ambassador to Libya.....</i>	<i>4</i>
	<i>b. Embassy Construction & State Department Staffing.....</i>	<i>5</i>
	<i>c. Securing Appointment of US Foreign Commercial Service Officer in Libya.....</i>	<i>6</i>
	<i>d. Securing Appointment of US Foreign Agricultural Service Officer in Libya.....</i>	<i>7</i>
	<i>e. Securing USAID, Cultural and Educational Engagement.....</i>	<i>8</i>
2.	Visa Processing Assistance for Libya.....	10
3.	Transportation Security Administration Assistance for Libya.....	11
4.	Monitoring and Orientation to New Presidential Administration and New Congress.....	12
B.	Expanded Defense and Security Cooperation.....	14
1.	Develop US-Libyan Bilateral Military Relationship.....	14
	<i>a. Increase IMET Funds for Libya and Seek FMF assistance.....</i>	<i>14</i>
	<i>b. Foreign Military Financing and Excess Defense Articles.....</i>	<i>15</i>
2.	Initiate Libyan Participation in Regional Military Exercises.....	15
	<i>a. NATO's Mediterranean Dialogue and Bright Star Exercise.....</i>	<i>15</i>
3.	Expand Counterterrorism Cooperation.....	16
4.	AFRICOM Engagement with Libya.....	16
5.	Encourage US Defense Industry Interest in Libya's Defense Market.....	17
6.	General Orientation for Libyan Embassy Staff on US Interagency Process on Political-Military Issues.....	17
C.	Promotion of Stronger Trade and Investment Relationships.....	18
1.	Advancing WTO Membership and US Trade Agreement Efforts.....	18

<i>a. Creating an "Enabling Environment" for Trade</i>	19
<i>b. WTO Accession</i>	19
<i>c. Bilateral Trade Agreements with the US</i>	20
2. Easing International Traffic in Arms Regulations (ITAR).....	23
3. Double Taxation.....	24
D. Enhanced Business Activity and Economic Development.....	26
1. Overseas Private Investment Corporation.....	26
2. US Export-Import Bank (Ex-Im Bank).....	28
3. Trade Development Agency.....	29
4. Developing Relationships with US & International Business Partners.....	30
5. Developing a Corporate Social Responsibility Program.....	31
E. Special Projects.....	33
1. Recognition of the 40 th Anniversary of the Revolution – September 2009.....	33
2. Sovereign Wealth Funds.....	33
3. Libyan Foreign Commercial Service.....	35
IV. CAPABILITIES.....	36
a. Case Studies.....	36
b. Practice Areas.....	37
c. International Affiliates.....	38
V. TEAM BIOS.....	38

**2008-2009 Full Normalization Action Program:
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I. PHASE I ACTIVITY SUMMARY (APRIL 2008 – AUGUST 2008)

On April 1, 2008, the Government of Libya (Libya) engaged The Livingston Group (TLG) to provide general representation before the Executive and Legislative Branches of the United States government. For the initial four months, TLG has worked with Libya, focusing heavily on securing relief from the punitive provisions of Section 1083, the "Lautenberg Amendment".

On July 31, 2008, the US Congress passed S.3370, the *Libya Claims Resolution Act*, providing Libya with a full and unconditional waiver of Section 1083, provided the Secretary of State certifies that Libya has deposited sufficient funds to pay:

- 1) the agreed upon settlements for Pan Am 103/Lockerbie and LaBelle Disco, and
- 2) "fair compensation" to other claimants.

S.3370 was passed by unanimous consent in both the Senate and the House of Representatives, which means that no member present raised an objection. It is highly unusual for sensitive federal legislation to pass in both Houses of Congress by unanimous consent on a single day. This outcome reflected the months-long effort to develop a high level of bipartisan support for resolving this matter.

S.3370 was signed into law by President George W. Bush on August 4, 2008. The corresponding settlement agreement between Libya and the US was signed in Tripoli, Libya on August 14, 2008.

The content of this legislation exceeded expectations. In planning the legislative strategy, it was most probable that two or more pieces of legislation would have been required to resolve the major issues Libya was concerned with: one dealing with the settlement, and a second establishing the waiver. Instead, S.3370 dealt with both issues in a single legislative vehicle. The possibility of having a waiver with conditions similar to the existing Iraqi waiver was also of concern, but thanks to bipartisan efforts, S.3370 provides a clean waiver without any ongoing conditions or limitations.

Successfully securing the passage of S.3370 was a team effort and required a considerable amount of intensive effort and coordination with the Administration and the private sector. In the Senate, any single Senator could have delayed or prevented passage of S.3370, which required unanimous consent.

Actions by TLG leading to success:

- TLG Chairman and former Speaker of the House Bob Livingston and former Congressman Bill Zeff personally contacted over two dozen US Senators, including several that had raised concerns. TLG also contacted all Republican Senators by e-mail to secure support because there was a greater level of concern about Republican support for the waiver.
- TLG was able to identify the five Senators who had objections or had placed "holds" against S.3370. Upon identification, TLG, along with private sector individuals and the

- Administration, sought to educate, persuade and neutralize the Senators with the greatest concerns, making passage in the Senate imminent.
- Mr. Livingston and Mr. Zeliff personally met with key Senate staff on the night before the vote to re-enforce the urgency for action before Congress adjourned the next day.
 - TLG worked closely with Senator Biden's (Chairman of the Senate Foreign Relations Committee and lead sponsor of S.3370) and Senator Levin's (Chairman of the Senate Armed Services Committee and co-sponsor of S.3370) staff to secure Republican support and clear the way for Republican co-sponsors to support the legislation, which was imperative for bipartisan passage and success.
 - TLG maintained constant contact with key House Leadership offices (Democrat and Republican), including Speaker Nancy Pelosi, Minority Leader John Boehner, and Majority Whip James Clyburn.
 - Former Congressman Bob Clement made calls to Members of the House of Representatives (while recovering from heart surgery in Tennessee).
 - TLG ensured the support of House Leadership – Majority and Minority.
 - TLG contacted all 435 Members of the House of Representatives – Republican and Democrat – by e-mail to secure and ensure support.

The core TLG Capitol Hill and Bush Administration team included Bob Livingston, former Members of Congress Bob Clement and Bill Zeliff, TLG Senior Partners Lauri Fitz-Pegado and Allen Martin, Stacie W. Fujii, Geoff Gleason, Greg James, and other consultants, principals and staff who worked around the clock to ensure the preferred and successful outcome.

These efforts built upon the weeks and months of meetings, conversations and other engagement with Members of Congress and other key interlocutors in the private sector, legal arena, and others essential to achieving the objective. Over the past several weeks we have:

- Facilitated 71 meetings and introductions between Ambassador Aujali and Members of Congress.
- Maintained regular and frequent contact with senior staffers for Senator Levin (D-MI) and Senator Biden (D-DE), the two key Members of Congress necessary to assure success.
- Directly contacted key members such as Chairman of the House Appropriations Committee David Obey (D-WI), Rep. John Murtha (D-PA), Rep. Duncan Hunter (R-CA), Rep. Ileana Ros-Lehtinen (R-FL), and others who were not available to meet with the Ambassador but crucial to our efforts.
- Briefed many additional congressional staffers.
- Updated Members and staff regarding developments in the settlement talks.
- Maintained close communications with the State Department to identify potential problem areas.
- Coordinated with US Libyan Business Association (USLBA), National US Arab Chamber of Commerce (NUSACC), National Foreign Trade Council (NFTC), US Chamber of Commerce, representatives from Occidental Petroleum and other interested parties to generate widespread support for passage.

II. PHASE II PROGRAM – MOVING FORWARD (AUGUST 2008-2009)

The successful passage of S.3370 and anticipated timely completion of the settlement and waiver process profoundly redefines the bilateral relationship between Libya and the US, putting them well down the path towards fully normalized relations and opening up opportunities for productive bilateral interaction that heretofore was impossible before the passage of S.3370.

It is important to act quickly to capitalize on the positive momentum that a settlement is likely to impart and lay the necessary groundwork for building and solidifying a positive longer-term bilateral political, security, economic and cultural relationship between Libya and the United States.

To date, we have concentrated on certain key congressional committees, such as Appropriations, Foreign Affairs and Armed Services. We will continue to enhance and expand our Congressional outreach effort on behalf of Libya, of course making adjustments as needed to advance Libya's new priorities – for example, engaging with the House Ways and Means Committee on trade issues.

We have assembled for your consideration a list of potential priority areas of interest, which we believe are important to Libya and in which interest has been indicated. These are areas in which TLG can provide valuable assistance. Some of these activities – especially those associated with improved trade and economic activity – may require multi-year efforts. However, the sooner we make an aggressive and strategic start towards these goals, the sooner success is possible.

A. Improved Diplomatic and Political Relations

This most recent breakthrough in US-Libya relations presents a tremendous opportunity for improving the current bilateral diplomatic and political relations. TLG has identified several specific action items in this area, which are listed below. Furthermore, TLG will continue to provide Libya with general representation, strategic advice, and counsel with regard to the US government. TLG will monitor Congressional and Executive branch activities and emerging policy discussions to identify issues of direct or general interest, significance or concern to Libya's immediate and long-term goals and keep Libya informed of developments so that timely strategies and plans to prevent or mitigate any negative impact can be implemented.

TLG's general representation is designed to provide Libya with a platform for proactive and reactive interaction with the US federal government policy makers and regulatory personnel in the Congress and the Executive branch. Executing this plan will establish a later foundation for positive relationships with US government branches, policy makers and influential individuals and groups.

These activities will be equally useful, as situations arise, when Libya needs a team of individuals readily available in Washington, DC to shape the direction of a policy issue or project-specific issue for Libya. Our plan for Libya is to continually build government and NGO relationships before they are necessary. In this way we further your goals by minimizing the need for emergency lobbying tactics on Capitol Hill, which ultimately are not as efficient or effective for a country's long-term federal government agenda.

In all of our activities, we will work to help Libya build an image with federal policy makers for the benefit of the future Libyan presence in the United States. TLG will represent Libya before the US Congress and Executive Branch by defining Libya's image for key policy makers in government and by managing Libya's relationships and reputation within this arena to ensure that policy makers adopt a favorable impression of Libya.

Achieving this goal will help Libya in two ways. First, when issues arise for Libya (or concerning a topic of importance to Libya) in the US, Libya will already have the relationships with policy makers, and in turn policy makers will have a base of information about Libya to better enable favorable decisions. Second, when Libya encounters an international issue, there may be a US diplomatic lever that can affect the outcome of issue. With several educated US policy makers already visited by Libya, exercising that diplomatic lever will be dramatically easier.

TLG has provided information and counsel for the visit of US Secretary of State Condoleezza Rice, designed to ensure positive results and advancement of Libya's priority objectives.

1. Establishment of a Robust US Mission in Libya

Since the resumption of relations in 2003, the US has had a limited diplomatic presence in Tripoli. The mission has operated out of temporary facilities with limited staffing, with expansion curtailed by explicit and implicit Congressional limits on US State Department activities. These limits should now be lifted, and now is the time to push for the establishment of a full-fledged, permanent and effective US mission in Libya, with representation and engagement with key US agencies.

a. Expedited Confirmation of US Ambassador to Libya

Despite the significant improvement in Libyan-US relations since 2003, there has not yet been a formal exchange of ambassadors and the presentation of credentials symbolizing full normalization. The US is currently represented by a Charge D'Affairs in Tripoli. An Ambassador has been designated by the Bush Administration, but such appointments must be confirmed by the US Senate before an Ambassador can assume his/her responsibilities, and as of yet no confirmation hearings have taken place in the Senate. In the case of some appointments – those of a lower level or non-controversial nature – the Senate treats confirmation as a pro-forma exercise and essentially an administrative process. However, high level and sensitive appointments generally capture the attention of the Senate and securing a candidate's confirmation can require extensive and delicate negotiations. This process is complicated also by the rules of the Senate, which effectively allow a single Senator to block a confirmation, using it as a bargaining chip. In such cases, the confirmation process can take several weeks or months. TLG is familiar with this confirmation process as several members of the TLG family have experienced the Senate confirmation process and assisted other countries with the diplomatic credentialing process.

On July 11, 2007 President Bush named Gene Cretz, a career Foreign Service officer, as his nominee to be the US Ambassador to Libya. Mr. Cretz has previously served as the Deputy Chief of Mission at the US embassies in Tel Aviv, Israel, and Damascus, Syria. However, as a result of the outstanding legal claims by US citizens against Libya, this appointment, as you know, has been

stalled in the confirmation stage. The execution of a final settlement agreement between Libya and the US should remove the major objection to the Senate consideration of this appointment.

However, time is short and TLG recommends this as an immediate action item. The Senate is scheduled to return when Congress reconvenes on September 8, and depart again on approximately September 26. During this short three week session, the Senate is likely to be hurriedly dealing with many outstanding domestic issues, and otherwise pre-occupied with issues directly related to the impending November elections. The Senate also may consider the appointment of an Ambassador to Libya to be a matter of sufficient significance to require a full hearing and debate, therefore requiring an additional commitment of time and resources in an already overtaxed schedule. As such, it may be very difficult to get the Senate to focus on and take up for consideration this appointment. The appointment could get wrapped into election year politics as well, with a move by some to delay any hearings until a new President takes office. It is also unclear at this time if Congress will return after the November elections for a "lame duck" session, so the September session may be the only chance to get an appointment confirmed this year.

If Ambassador-designee Cretz is to be confirmed in September, it will require a carefully coordinated and energetic campaign to educate and persuade the Senate on the importance of this appointment in the relationship and trust-building process between the US and Libya and the necessity for quick action on this appointment. TLG believes it is a good idea to try to get this nomination secured quickly, so that this indicator of normalization is in place before the election, even if a new President may decide to change the Ambassador in the new year.

Goal: To have the Senate confirm the US Ambassador to Libya when the Senate returns in September.

TLG Actions:

TLG will compliment official confirmation activities by:

- Working with Libya to encourage the White House and State Department to make confirmation of the Ambassador in September a high priority.
- Identifying key members of the Senate Foreign Relations Committee for the Ambassador to meet with and generate support for an expedited confirmation.
- Coordinating with the members of the business community, supportive policy influencers and others to generate widespread support for an expedited confirmation.

b. Embassy Construction & State Department Staffing

The settlement of outstanding claims also clears the way for the construction of a permanent US embassy facility in Libya (and Libyan plans to move towards completion in the US). The US has been operating its diplomatic and consular services in Libya out of temporary facilities at either the Corinthian or rented residences. However, these facilities are not considered "secure" under US guidelines, which limits the types of services that can be provided out of these facilities (*see discussion of visas below*). As a result, many services must now be provided remotely from US embassies in neighboring countries, causing slow processes and creating a serious impediment for diplomatic and commercial activity.

Establishing a full, formal US embassy in Libya should address many of these issues. This will ultimately require the construction of a new facility, often a multi-year process. Because of the outstanding claims issue, funding for embassy construction in Libya was excluded from the 2009 State Department Authorization bill. It is important to explore an interim solution, however, that would address the immediate need for a secure facility until such time as a permanent facility can be completed.

Even more important to smooth bilateral relations is ensuring that the diplomatic staff assigned to the embassy is of an appropriate size and possesses the necessary skills to support the expansion of diplomatic and commercial priorities between the US and Libya. US private and public sector entities – commercial enterprises, non-governmental organizations (NGOs) and private aid groups, educational institutions, and many other types of operations – are accustomed to receiving certain services and support from US missions abroad, and the availability of these services can play a significant role in an entity's decision to enter or forego engagement with a market or country. The end of the Section 1083 sanctions is very likely to prompt many US companies and other organizations to re-examine the Libyan market, and Libya should press for appropriate US embassy staffing so that every advantage will be available for bilateral trade, investment and other opportunities.

Goal: Secure support within the State Department and US Congress for the timely establishment of a fully functional US embassy in Libya with appropriate staffing and interim provisions until construction of the final facility can be completed.

TLG Actions:

- Engage with House Foreign Affairs and Senate Foreign Relations Committees to generate support of the timely construction of the US Embassy in Libya.
- Work with the US State Department to identify possible interim solutions to address the need for a secure and active facility.
- Assist Libya in developing a request to and engaging with the US State Department to ensure an appropriate staffing compliment is committed for carrying out its bilateral mission.
- Educate and develop support within US Congress for the desired staffing levels.

c. Securing Appointment of US Foreign Commercial Service Officer in Libya

The US Department of Commerce's Foreign Commercial Service (FCS) mission is to help US commercial interests seeking to do business abroad. The FCS advances this mission by providing US companies with a wide range of support services, including general market information and research, assistance with regulations, disputes and market entry, and helping US companies identify projects and other market opportunities. These support services ease many of the initial barriers that discourage investment in a new foreign market, leading to greater US commercial engagement and in turn stronger trade relations between the US and the foreign nation.

Foreign Commercial Service Officers are stationed at US Embassies, consulates and diplomatic missions around the world and provide in-country, in-market assistance to US businesses. At this time there is no FCS Officer in Libya, and US businesses are supported remotely by the FCS Officers in neighboring countries (such as Tunisia). Having a FCS Officer posted to Libya and

dedicated to the Libyan market would provide a substantial boost to Libya's efforts to attract US businesses and investment in priority sectors including tourism.

Goal: TLG will work with Libya to have the US Department of Commerce assign and station a Foreign Commercial Service Officer in Libya.

TLG Actions:

- Engage with senior staff at the US Department of Commerce to help make appointment of a dedicated FCS Officer to Libya a priority.
- Arrange meeting with Members of Congress to generate support for appointment & related funding.
 - House Appropriations Committee – Commerce, Justice, Science and Related Agencies Subcommittee
 - Senate Appropriations Committee -- Commerce, Justice, Science and Related Agencies Subcommittee
 - House Committee on Energy and Commerce
 - House Committee on Foreign Affairs
 - Senate Committee on Commerce, Science and Transportation
 - Senate Committee on Foreign Relations
- Coordinate with various business organizations such as the US-Libya Business Association (USLBA), the National US-Arab Chamber of Commerce (NUSACC), the US Chamber of Commerce and the National Foreign Trade Council (NFTC) to create domestic pressure for the appointment of an FCS Officer to Libya.

d. Secure Appointment of a US Foreign Agriculture Service Officer to Libya

The US Department of Agriculture's Foreign Agricultural Service (FAS) strives to advance foreign market access for US agricultural products, construct new markets, strengthen the competitive position of US agriculture in the international marketplace, and supply food aid and technical support to foreign countries.

FAS manages the US Department of Agriculture's (USDA's) international activities, which include market growth, trade agreements, and the gathering of market information. It also is responsible for overseeing the USDA's export credit assurance and food aid agendas, and plays a role in fostering income boosts and food accessibility in developing nations by bringing together experts on agriculturally led economic development.

FAS also strives to improve U.S. agriculture's competitiveness by providing connections to worldwide resources and associations. FAS professionals are represented in more than 90 countries that are linked to US agricultural interests.

FAS has also been successful in creating agricultural trade offices in important markets and serves as hubs for U.S. exporters and overseas buyers seeking market information. FAS' overseas offices act as the USDA's "eyes and ears" for tracking international issues. Their representatives work closely with the country's ambassador and its immediate team. They strive to guarantee that agriculture's market access, food aid, capacity construction, biotechnology, and information

assembly continue to be at the forefront. Obstacles do arise at times and FAS representatives play a significant role in providing direct support to our exporters.

Goal: Assist Libya in establishing a relationship with the Foreign Agricultural Service, and thereby promote market growth, economic development, and international agricultural trade between Libya and the US.

TLG Actions:

- Engage with senior staff at the US Department of Agriculture to help make appointment of a dedicated FAS Officer to Libya a priority.
- Arrange meetings with Members of Congress to generate support for appointment & related funding.
 - House Appropriations Committee -- Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Subcommittee
 - Senate Appropriations Committee -- Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Subcommittee
 - House Committee on Agriculture
 - House Committee on Foreign Affairs
 - Senate Committee on Agriculture, Nutrition and Forestry
 - Senate Committee on Foreign Relations
- Coordinate with various business organizations such as USLBA, NUACC, US Chamber of Commerce and NFTC to create domestic pressure for the appointment of an FAS Officer to Libya.

e. Securing USAID, Cultural and Educational Engagement

The US Agency for International Development (USAID) is the principle US agency for the delivery of financial and other assistance to countries trying to escape from poverty and engage in democratic reforms. USAID is an independent federal government agency that receives overall policy guidance from the Secretary of State. USAID supports long-term and equitable economic growth and advances U.S. foreign policy objectives by supporting: economic growth, agriculture and trade; global health; democracy, conflict prevention and humanitarian assistance.

Launched in November 2002, the Middle East Partnership Initiative (MEPI) establishes a framework for realigning US assistance programs to the Middle East and North Africa. MEPI seeks to work cooperatively with governments and people in the region to promote key economic, political, and educational reform issues and reduce barriers to women's full participation in society. MEPI is one of the administration's primary development tools to support the US Forward Strategy for Freedom in the Middle East.

MEPI is managed by the State Department in close collaboration with other U.S. Government agencies. USAID administers a variety of activities across the MEPI's program areas. In FY 2002, USAID administered 76 percent of the total \$29 million MEPI program. In FY 2003, USAID administered 46 percent of the MEPI \$100 million program portfolio.

The following programs are specific to Libya and Regional Programs in which Libyan individuals or organizations may be involved. [MEPI reform pillars listed in brackets]:

Baylor College of Medicine

Scaling up Pediatric HIV/AIDS Care and Treatment [Education] – This partnership between Baylor College of Medicine in Houston, Texas, and the Benghazi Infectious Disease and Immunity Center aims to improve the treatment and care of HIV-infected children in Libya through training to health professionals. (Project ends September 2008)

National Democratic Institute (NDI)

Support Increased Opening and Dialogue on Political Reform in Libya [Democracy] – This project encourages increased discussion and debate among reform-minded Libyans on opportunities and steps for making the political system more democratic and increases capacity of individuals and/or organizations to advocate for these reforms. (Project ends November 2007)

Libyan individuals or groups may participate in the following regional programs, which take place in two or more countries in the region:

- *Amideast – Legal and Business Internship Program (LaBIP) [Women]*
- *Beyster Institute – Middle East Entrepreneur Training (MEET) [Economic]*
- *Beyster Institute – Student Leaders Study of the United States Institutes [Education]*
- *Creative Associates – Partnership School Project (PSP) [Education]*
- *ECA - English ACCESS Micro-scholarships [Education]*
- *Freedom House – New Generation of Advocates [Democracy]*
- *IREX - Middle East North Africa Media Development Initiatives Alliance [Democracy]*
- *Scholastic, Inc. – My Arabic Library [Education]*

Despite the 2003 reconciliation, direct US support for Libya has been long-delayed. Libya has not received the substantial US assistance it needs and deserves, especially seed money for the range of important programs and projects that will strengthen the country economically and socially and provide the opportunity for desired reforms and a closer strategic partnership.

USAID Direct Assistance (DA) frequently comes with "strings" attached either by the Executive Branch or more often by Congress – meeting certain human rights, democratization, and economic criteria (such as a "developing" country status established by having per capita Gross National Product (GNP) below a certain threshold). Libya's oil revenues make this a difficult criterion for the country to meet.

Notwithstanding these barriers, other assistance might be available from the US now in the form of Economic Support Funds (ESF). These are funds administered by USAID and are usually (if not always) earmarked for certain countries. These earmarks often have a national security component, that is, countries that are important to the US for national security purposes have an "edge" when ESF is allocated. In FY2008, Libya secured \$500,000 (reduced from \$800,000).

There is more flexibility on ESF than DA funds, which are targeted for the poorest countries (although there are rare exceptions, like Egypt which gets both DA and ESF) and which Congress monitors carefully.

MECEA and Educational Exchanges

The Government of Libya would like to enrich the US/Libya relationship by creating various cultural and educational exchange programs with the United States. First, by establishing relationships and exchanges with American institutions, with a primary focus on partnerships between Libyan institutions and US colleges and universities; second, by participating in the Global Cultural Initiative under the Bureau of Educational and Cultural Affairs at the State Department; and finally, by participating in the Mutual Education and Cultural Exchange Act (MECEA). Participation in these programs will bring an exchange of people and ideas, while increasing cultural understanding.

Goal: TLG will help Libya develop a relationship with USAID, work to identify opportunities for ESF, DA and other assistance, and help raise the profile of Libya as a priority recipient of US aid.

TLG Actions:

- TLG will help Libya engage with the senior leadership at USAID to ensure their familiarity with the new status of the bilateral relationship and help establish aid for Libya as a priority.
- TLG will arrange meetings with Member of Congress and contact with appropriate congressional staff to generate support for providing foreign assistance to Libya:
 - House Appropriations – State and Foreign Operations Subcommittee
 - Senate Appropriations – State and Foreign Operations Subcommittee
 - House Foreign Affairs
 - Senate Foreign Relations
- TLG will help Libya engage with NGOs, think tanks, and other opinion influencers in the policy community to develop support for US aid to Libya.

2. Visa Processing Assistance for Libya

Quicker and more respectful visa assistance is needed to facilitate the improving bilateral relationship between the US and Libya. At this time, Libyans and Americans are having difficulties securing visas.

Relevant Departments and Agencies:

- The Department of State

The Department of State's Bureau of Consular Affairs is the US government agency responsible for issuing visas. Consular officers use the Consular Consolidated Database (CCD) to screen visa applicants. Over 75 million records of visa applications are automated in the system and the system is linked with other databases to flag problems that may impact the issuance of the visa. Consular officers also send suspect names to the FBI for a name check program called Visa Condor for a comprehensive review by law enforcement and intelligence agencies.

- The Department of Homeland Security

The Department of Homeland Security's Customs and Border Protection Bureau is tasked with inspecting all people who enter the United States.

Senate and House Committees with jurisdiction over the visa program:

- Senate Committee on Government Reform
- Senate Foreign Relations Committee
- House Committee on Homeland Security
- House Foreign Affairs Committee

Goal: TLG seeks to work immediately with US policy officials (including those at the highest levels of our government) to guarantee that the citizens and diplomatic representatives of Libya may receive visas to the US in a timely manner, absent discrimination and mistreatment.

TLG Actions:

- The Livingston Group will meet with high level officials at the State Department to determine how best to improve the visa approval process for Libyans.
- TLG will obtain letters from Members of Congress asking the Department of State to assist Libya on visa related matters. The letters will emphasize the assistance Libya has provided the US with respect to intelligence gathering and sharing.
- Senior Members of Congress will also be requested to send Dear Colleague Letters to Members on the Appropriations, Homeland Security and Foreign Affairs Committees, requesting acceleration of the visa processing for Libya citizens.
- TLG will draft questions to be asked at Congressional hearings on the State Department's funding regarding their efforts to streamline the visa process.
- TLG will meet and draft letters for designated Members of Congress to seek support from the Department of Homeland Security regarding Libya's visa issue.

3. Transportation Security Administration (TSA) Assistance for Libya

Libyans, ranging from ordinary citizens to diplomats are routinely subjected to heightened security reviews at airports. This reportedly occurs on almost every flight, foreign and domestic regardless of how long the person has been in the United States. It is obvious that TSA personnel, their Transportation Security Officers, and others engaged in this work need a better understanding of the new US/ Libya bilateral relationship.

The Transportation Security Administration (TSA) is a component of the Department of Homeland Security. The Transportation Security Administration oversees security operations at the nation's more than 400 commercial airports, including establishing requirements for passengers screening on flights to, from, and within the United States. TSA is currently developing a program to take over the responsibility of matching passenger information against federal watch-list data before flights depart.

Senate and House Committee(s) with Jurisdiction over TSA:

- Senate Committee on Government Reform
- House Committee on Homeland Security

Goal: The Livingston Group will make it a priority to work on this issue both in the Executive Branch and on Capitol Hill so that any harassment is addressed and eliminated, and that there is a respectful and appropriate relationship going forward.

TLG Actions:

- The Livingston Group will meet with various key Members with jurisdiction over the Department of Homeland Security, requesting an explanation of the current process with respect to Libya and what is being done to improve the existing procedure.
- With respect to the Department of Homeland Security (TSA), Mr. Livingston will meet with high level DHS officials to highlight the problem and to discuss the Department's efforts to prevent the harassment of Libyan officials and Citizens.

4. Monitoring and Orientation to New Presidential Administration and New Congress

August began the congressional recess and Members have gone "home" to their states to campaign during this election year. The Republican and Democratic Party conventions are taking place in late August and early September, respectively. Presidential and Congressional elections (the entire US House of Representatives – 435 members – and 1/3 of the 100 member US Senate) take place on November 4th, with the newly-elected US President (either Republican Senator John McCain or Democratic Senator Barack Obama) taking office in January 2009. The focus on large and complicated pieces of legislation will take a backseat to the politics and press coverage of the congressional elections and transition to the new Administration.

Adding to the political excitement, the Vice Presidential candidates have been announced. This week in Denver, Senator Barack Obama named Senator Joe Biden (D-DE) as his running mate. Senator Biden was the sponsor for S. 3370, the bill that created a waiver of Sec. 1083. Republican presidential candidate Senator John McCain chose popular Alaska Governor Sarah Palin as his running mate. She would be the first woman ever to serve on a Republican presidential ticket and is the first Alaskan to appear on a national ticket. Governor Palin, 44, was elected Alaska's first woman governor in 2006.

Regardless of the ultimate outcome of the presidential and congressional elections, there will be considerable change in both of these branches of the US government. There will be near universal change in the political appointees serving within the Executive Branch, and new committee assignments and perhaps shifts in committee chairs and other leadership positions within the Congress. TLG will be well positioned to help Libya navigate this transition period and emerge with the knowledge and understanding of the new Presidential Administration and new Congress necessary to protect and advance Libya's interests.

Considerable activity will be taking place between the Democratic and Republican conventions and Election Day which requires close monitoring. The TLG team has close relationships with both campaigns and will keep you informed as to key issues of interest.

In addition, immediately after the election takes place on November 4, the presidential transition begins in full force, getting ready for the presidential inauguration on January 20, 2009 and the State of the Union Address soon thereafter.

The policies developed and the individuals put into place during this transition are drawn largely from the campaign staff and play a major role in determining who will be filling which roles in the new administration, especially critical positions below the Cabinet level. Decisions regarding Cabinet level appointments tend to be in the hands of the President-elect, although these positions also require Senate confirmation and there have been instances where the President's choice is not confirmed by the Senate.

The policies of a new Administration will track closely with those articulated by the candidate during the presidential campaign. However, the priorities of the Administration will take shape and be drawn into focus during the transition. Once again, TLG is well positioned for close ties to the new Administration regardless of party.

TLG can likewise assist Libya in identifying and developing relationships with key returning and new Members of Congress that are of direct or potential importance to Libya's current goals and long-range interests.

Goal: To prepare Libya for engagement with the new Congress and White House/Executive Branch team in January 2009.

TLG Actions:

- Monitor the presidential and congressional elections and subsequent transitions for political and policy developments in areas of interest and concern to Libya, such as foreign policy, national security, energy and trade.
- Provide information, background and counsel regarding likely senior officials in a new Administration prior to January 2009; post January 2009, provide information, insight, counsel and contact with likely new cabinet secretaries and senior officials.
- Identify new Members of Congress of importance to Libya and influential regarding the country's interests, as well as those who are detractors.
- Facilitate introductions and relationship-building with key Members of Congress.

TLG TALENT – DIPLOMATIC & POLITICAL SECTION:

Lauri Fitz Pegado - served as Assistant Secretary and Director General of the U.S. and Foreign Commercial Service at the Department of Commerce. She was a presidential nominee and was confirmed by the US Senate. Ms. Fitz Pegado was also a U.S. Foreign Service officer for five years.

Bob Clement- is a former Democrat Member of Congress from Tennessee's fifth District. During his eight terms (1988 to 2003) he served as a ranking member of the Transportation and Infrastructure Committee.

Dennis Hertel- is a six-term former Democrat Member of Congress from Michigan and served on the House Armed Services Committee for 12 years.

Mark Maddox- as Acting Assistant Secretary, Maddox oversaw a \$750 million budget and high profile initiatives including the Alaska Natural Gas Pipeline, the FutureGen Zero Emissions Power Plant, Integrated Gasification Combined Cycle Power Plant development, Liquefied Natural Gas issues, and the Strategic Petroleum Reserve. Internationally, he led the 21-nation Carbon Sequestration Leadership Forum, and working groups with China and India. Maddox served as a Senior Policy Advisor to the Secretary on fossil energy and environmental management issues. He also served as Principal Deputy Assistant Secretary for Fossil Energy.

Jill Schuker- served in the Clinton Administration as Special Assistant to the President for National Security Affairs, Senior Director for Public Affairs at the National Security Council and Deputy Communications Director at the White House. Other Administration positions include: head of Public Affairs for Secretary of Commerce Ronald H. Brown and Counselor for Press and Public Affairs at the U.S. Mission to the United Nations, and as Deputy Spokeswoman at the U.S. Department of State under President Carter.

B. Expanded Defense and Security Cooperation

The US-Libyan security and defense relationship will be an important part of the overall bilateral relationship, and now that the settlement of outstanding claims is resolved, this will open the path for a way forward in the defense relationship. Libya's army, navy, and air forces are equipped with a broad range of aging Soviet and Eastern Bloc equipment, however, their inventory does include some US and Western European arms, including French Mirage fighter aircraft and US C-130 transports. Also, the Libyan armed forces are lacking in training for combined arms and joint service planning. It will take intense efforts with the US military and other allies in the region to develop Libya's forces so that they are interoperable with US and NATO forces, as well as, with AFRICOM (the new Africa command responsible for the African continent and CENTCOM (Central Command which handles the Middle East and Egypt).

1. Develop US-Libyan Bilateral Military Relationship

The first step in moving the defense and security relationship forward is to establish regular and direct contact between the US and Libyan militaries. While there have been some contacts already, this should be strengthened and encouraged to build a more institutionalized and scheduled set of meetings. This will take a period of time to establish contacts with the Office of the Secretary of Defense, the Defense Security Assistance Agency and State Department's Bureau of Political-Military Affairs.

a. Increase IMET Funds for Libya

A major step forward already has been the International Military Education Training (IMET) funding for Libya initiated in FY 2008 with \$333,000 for US training of Libyan military officers. The FY 2009 request increased to \$350,000. This is a very important program and helps Libyan officers learn US military doctrine and training in order for their armed forces to become interoperable with the US and NATO military forces.

b. Foreign Military Financing and Excess Defense Articles

It also trains Libyan officers in English, counterterrorism, and border security techniques, and makes Libya eligible to purchase other types of US military training. Ultimately, Libya should be considered for Foreign Military Financing (FMF) to help assist in its transition from former Soviet/East Bloc equipment to US equipment. In addition, Libya should be considered for access to US Excess Defense Articles (EDA) which is supervised by Defense Security Cooperation Agency (DSCA).

Goal: Secure support within the Defense Department and State Department for increased IMET funding for the coming years. Begin discussion of when Libya should qualify for FMF military assistance and EDA.

TLG Actions:

- Engage with Defense and State Department to assist in generating support from Congress to raise IMET levels for Libya.
- Assist Libya in outreach to Defense and State Departments to gain support for increased IMET levels.
- Begin discussion with Defense Security Cooperation Agency regarding when Libya would qualify for FMF assistance and EDA.
- Engage members of House and Senate Appropriations Committees to garner support for increased IMET funds and eventual FMF for Libya.

2. Initiate Libyan Participation in Regional Military Exercises

There are a number of security arrangements and military exercises in the Mediterranean region that include NATO and EU countries together with North African/Mediterranean littoral countries. Libya is already an observer member in the Union of the Mediterranean, a community established in July 2008, which includes EU members, and most of the African Union and Arab League countries. While this is primarily an economic grouping, it establishes that Libya is a key player in the Mediterranean region and should be expanded to the military dimension.

a. NATO's Mediterranean Dialogue and Bright Star Exercise

NATO has established a relationship with most of the North African countries on a common interest of securing the Mediterranean. The member countries hold regular discussions to review common security concerns in the Mediterranean region. Also, CENTCOM holds a large-scale military exercise in Egypt every two years—Operation Bright Star—which includes the US, Egypt, France, Germany, Greece, Italy, Jordan, Kuwait, the Netherlands, the United Arab Emirates, and the United Kingdom. A large number of countries send observers to this exercise, including Morocco, Nigeria, Congo, Tunisia and others. In 2005, both Iraq and Afghanistan were invited to send observers.

The planning for the next Bright Star exercise is underway which will be held in Egypt in November 2009.

Goal: Secure support from Defense Department and CENTCOM for Libya to be invited as an observer to the 2009 Bright Star exercise. Build support for Libya to become a member of NATO's Mediterranean dialogue.

TLG Actions:

- Engage with Defense and State Department and CENTCOM to generate support for Libya's inclusion as observer in the Bright Star exercise and potential engagement with NATO's Mediterranean Dialogue.
- Assist Libya in outreach to Defense and State Departments and CENTCOM to gain support for Libya's inclusion as observer in the Bright Star exercise and potential engagement with NATO's Mediterranean Dialogue.
- Engage members of House and Senate Armed Services Committees to garner support.

3. Expand Counterterrorism Cooperation

The US and Libya already have a number of shared interests in countering terrorism, particularly Al Qaeda. The Libyan government has long perceived Al Qaeda as a threat because members of Libya's Islamist opposition have been linked to Al Qaeda and other foreign jihadist organizations. US officials are hopeful that Libya will be included in the Trans-Sahara Counterterrorism Initiative which currently includes Algeria, Chad, Mali, Mauritania, Morocco, Niger, Senegal, Nigeria, and Tunisia. This would enable Libya to receive US funding for Anti-terrorism assistance as part of the Foreign Operations budget.

Goal: Secure support from Defense and State Departments for Libya's inclusion in the Trans-Sahara Counterterrorism Initiative, and entitlement to Antiterrorism assistance funds

TLG Actions:

- Engage with Defense and State Department for Libya's inclusion in the Trans-Sahara Counterterrorism Initiative, and entitlement to Antiterrorism assistance funds
- Assist Libya in outreach to Defense and State Departments to ensure Libya's inclusion in the Trans-Sahara Counterterrorism Initiative, and entitlement to Antiterrorism assistance funds
- Engage members of House and Senate intelligence committees to garner support.

4. AFRICOM Engagement with Libya

Development of the new Africa Command (AFRICOM) has been met with skepticism. Virtually none of the African countries or US Africa supporters have been enthused about AFRICOM's establishment for fear it will lead to a permanent US military presence on the continent. While this is not the objective, it will be important for Libya to be aware of the regional developments and US Congressional attitudes regarding AFRICOM.

There are many opportunities for Libya to interact with this new command which will establish an AFRICOM Joint intelligence operations Center and many training and security activities. The objectives will be to help respond to crises and conflicts on the African continent, and orchestrate peacekeeping and humanitarian operations as needed. Despite the fact that Libya's military

inventory is largely former Soviet equipment, this does not prevent Libya from playing a major role in African peacekeeping operations. Many other African nations, including Egypt, have former Soviet equipment, and these units are grouped together so they can still be interoperable. This is a role that AFRICOM hopes to achieve.

Goal: To monitor AFRICOM's regional development, facilitate understanding of the missions and sensitivities associated with this new command, and to determine the need for engagement with Libya.

TLG Actions:

- TLG will monitor and provide updates regarding developments with the AFRICOM program of potential impact on or interest to Libya.
- To the extent desired by Libya, TLG will facilitate Libyan engagement with AFRICOM, the Department of Defense and Department of State.

5. Encourage US defense industry interest in Libya's defense market

Now that the ban on US exports of defense articles ended in 2006, it will be important to establish a network of contacts with US defense industries. This can also be considered as part of the overall objective of attracting US businesses to Libya. US defense industries will be interested in promoting either direct commercial sales or, when FMF might be offered, through the government program. US defense industries can be a very powerful tool within Congress since they have a great deal of influence on behalf of US businesses.

Goal: Make various US defense industry organizations, such as Aerospace Industries Association (AIA), National Defense Industries Association (NDIA) and Electronics Industries Association (EIA) aware of the current state of relations and opportunities with Libya. These organizations are comprised of the major US defense companies.

TLG Actions:

- Outreach to AIA, NDIA, EIA, and individual US defense companies to inform and educate them on the current state of play with Libya.
- Coordinate with Defense and State Departments regarding Libya's military objectives and priorities.
- Assist Libya in outreach to US defense industry and discussion of its military requirements.

6. General Orientation for Libyan Embassy staff on US interagency process on Political-Military issues

There is an intricate working relationship between the Defense Department, State Department, and the National Security Council on how the Administration decides on the Foreign Operations request each fiscal year. There are a number of key offices within each agency that also are very influential. Certain offices have responsibilities for arms sales, congressional notifications, export licensing, and a variety of other political-military matters. There also have been many changes over the past few years and it will be important for the Libyan Embassy staff, especially the Defense Attaché, to understand the inner workings of this process. Despite the upcoming elections and change in Administration, the Office Directors and desk officers at State Department

are career foreign service and at Defense Department they are career civil service, so they will not change. These are the people who know the process and how it works; they will be advising whoever the political appointees may be.

Goal: Ensure Libyan Embassy staff understands who the key players are in the various US agencies responsible for political-military issues and how the process works.

TLG Actions:

- Informing Libyan Embassy staff about Foreign Operations funding process and facilitating contacts with relevant offices within the US government.
- Identifying sources of support within Congress for developing the US-Libya defense relationship and working with these elements; identifying voices of resistance and working to neutralize them.

C. Promotion of Stronger Trade and Investment Relationships

Expanding bilateral economic activity would be mutually beneficial to the US and Libya. Since 2001, both the President and Congress have recognized the important role economic development, growth and job creation can play in building regional stability and countering the attraction of radicalism and religious fundamentalism.

1. Advancing WTO Membership and US Trade Agreement Efforts

On May 9, 2003, the Bush Administration proposed the establishment of a US Middle East Free Trade Area (MEFTA) to encompass 20 entities in the Middle East and North Africa, including Libya. In the intervening years, considerable progress was made, with one state joining the World Trade Organization (WTO), and several others negotiating accession. Other states have entered into Trade Investment Framework Agreements (TIFAs), Bilateral Investment Treaties (BITs), and Free Trade Agreements (FTAs). However, Libya has seen little or no progress in this area.

The current bilateral trade environment offers limited stability and predictability, elements necessary to attract US investment and economic activity in Libya. This perception is re-enforced by the lack of formal trade agreements between Libya and the US. Furthermore, Libya may eventually be at severe competitive disadvantage as many other states in the region are further along in the process of securing a Free Trade Agreement with the US, notwithstanding the general fact that new Free Trade Agreements are less likely to be finalized with any country if, as widely anticipated, Democrats expand their control of Congress in the November election.

A Free Trade Agreement between Libya and the US would be the culmination of a multi-year effort requiring action in three distinct but closely related areas – creating an “enabling environment” for trade, WTO accession, and bilateral trade agreements with the US. These activities form the foundation necessary for consideration of a Free Trade Agreement. TLG can assist Libya in all of these areas.

a. Creating an “Enabling Environment” for Trade

A prerequisite for US trade agreements, WTO membership and most international investment is the creation of a so-called “enabling environment” for trade. The term “enabling environment” generally refers to a legal, regulatory and economic system that provides investors with transparency, predictability, efficiency, equity and other protections. These protections in turn allow the investor to assess the risks and benefits of doing business within a country with a reasonable degree of certainty.

Creating an enabling environment can be one of the greatest challenges any emerging economies can face, and may require substantial restructuring of a country's internal legal and regulatory systems. This can be a major stumbling block for many nations, and can delay trade agreements and WTO accession.

TLG can help Libya create an enabling environment by helping Libya secure expert technical assistance and leverage relationships with International Financial Institutions (IFI's) such as the World Bank and the International Monetary Fund (IMF)¹. TLG will utilize its existing relationships among the leadership and senior staff of these IFI's to secure support and assistance for Libya's accession efforts. This technical assistance can also help ensure that any restructuring efforts are aligned with WTO and US trade expectations, thereby smoothing the path for stronger trade relations.

b. WTO Accession

The WTO is an international body that seeks to foster and manage the global rules of trade between nations, and thereby ensure that trade flows as smoothly, predictably and freely as possible. The heart of the WTO's multilateral trading system is the various inter-linked and inter-dependent trade agreements negotiated and signed by a large majority of the world's trading nations. These agreements – essentially contracts – create the legal ground-rules for international commerce and guarantee the member countries important trade rights, while also binding governments to respect and operate within established trade rules and policies. The WTO also has adopted rules that make allowances for the special challenges faced by developing economies.

WTO membership ultimately encourages and facilitates trade and investment between and amongst the member countries by creating an atmosphere of stability and predictability that is attractive to capitol investment. Total international trade in 1997 was 14-times the level of 1950, when WTO's precursor - the General Agreement on Tariffs and Trade (GATT) - was first introduced. WTO's 150 members account for 97 percent of world trade, and some 30 additional countries are now negotiating for membership – including Libya.

World Trade Organization (WTO) members agreed on July 27, 2004 to begin negotiations with Libya on its bid for membership. A WTO working party was established at that time, but little progress has been made since then.

¹ Libya may not qualify for IMF loans, but may be able to secure other forms of technical assistance.

The WTO membership process – or “accession” – is usually a multi-year process, and ultimately requires the consensus approval of all of the WTO member states. It may also require substantial economic and legal reforms within Libya. The support of the United States could be very useful in facilitating and accelerating Libya’s accession into the WTO.

c. Bilateral Trade Agreements with the US

Under US trade law, all countries automatically enjoy “normal trade relations” with the US unless otherwise specifically limited by law (such as the imposition of an embargo or other trade restriction). Under normal trade relations, any duty, import restriction, or duty-free treatment established in a US trade agreement applies to the products of all foreign countries. However, a country’s normal trade relation status may be unilaterally changed by the US at any time.

For a country to make the trade status effectively permanent, it must enter into a series of trade agreements with the United States to establish “permanent normal trade relations” (PNTR), also known as “Most Favored Nation” status. Negotiating and establishing PNTR is a power of the US President, subject to consultation with and ultimate approval by the Congress. The US has extended PNTR to all WTO members except for the former Soviet republic of Moldova. In most cases, PNTR was granted shortly before WTO accession, although in some cases it occurred within a few years of accession.

The United States, in 2004, lifted its trade embargo against Libya. Since then, Libya has effectively enjoyed the default normal trade relations status granted under Section 1881, with exception of the consequent trade implications of the recently removed “Lautenberg Amendment.” However, this status is neither permanent nor unconditional.

Three types of trade agreements form the fundamental framework for US trade relations – Trade and Investment Framework Agreement (TIFA), Bilateral Investment Treaties, and Free Trade Agreements. The TIFA is the precursor to all other trade agreements.

A Trade and Investment Framework Agreement (TIFA) is a consultative mechanism for the United States to discuss issues affecting trade and investment with another country. TIFAs have been negotiated predominantly with countries that are in the beginning stages of opening their economies to international trade and investment, either because they were traditionally isolated or had closed economies.

Libya currently has no TIFA or other formal trade agreements with the United States.

Relevant Departments and Agencies:

- Department of State – Office of Trade Policy and Programs
The Office of Trade Policy and Programs (TPP) has responsibility within the Department of State for advancing U.S. trade policy objectives and opening new export opportunities for American businesses.

- U.S. Department of State -- Office of Multilateral Trade Affairs
The Office of Multilateral Trade Affairs (MTA) leads the State Department's trade policy activities in multilateral institutions, including the WTO.
- Department of State -- Office of Bilateral Trade Affairs
The Office of Bilateral Trade Affairs (BTA) leads the State Department's work to open new overseas markets and promote economic development through regional and bilateral trade initiatives, including Free Trade Agreements (FTAs) trade preference programs.
- Office of the US Trade Representative (USTR)
The Office of the United States Trade Representative (USTR) negotiates directly with foreign governments to create trade agreements, resolves disputes and participates in global trade policy organizations.
- Department of Commerce – International Trade Administration
The International Trade Administration works to promote US investment and trade around the world by helping US companies navigate foreign markets.
- US Trade and Development Administration (USTDA)
The U.S. Trade and Development Agency (USTDA) advances economic development and U.S. commercial interests in developing and middle income countries. The agency funds various forms of technical assistance, early investment analysis, training, orientation visits and business workshops that support the development of a modern infrastructure and a fair and open trading environment.
- Overseas Private Investment Corporation (OPIC)
OPIC is a US government agency that provides project financing, investment, insurance, and other services for US businesses in 156 developing nations and emerging economies.
- US Export-Import Bank (EX-IM Bank)
The Ex-Im Bank is an independent US government organization that works to generate US jobs through exports by operating programs in developing markets that provide direct long-term loans, credit and working capital guarantees (principally to commercial banks), short and medium-term loans, credit insurance, and funding for environmental, nuclear, and other particular projects.

Relevant Congressional Committees:

- Senate and House committees with lead jurisdiction:
 - Senate Committee on Finance – Subcommittee on International Trade and Global Competitiveness
 - House Committee on Ways and Means- Subcommittee on Trade
- Other committees with possible interest and/or jurisdiction:
 - Senate Foreign Relations
 - Subcommittee on International Development and Foreign Assistance, Economic Affairs and International Development
 - Senate Commerce, Science and Transportation

- House Foreign Affairs
 - Subcommittee on Africa and Global Health
 - Subcommittee on the Middle East and South Asia

Goals:

- Develop a long-term strategy for successful building of a strong trade relationship with the US, including WTO accession and bilateral trade agreements.
- Assist Libya in securing technical assistance and advice to further its efforts to create an “enabling environment” and accelerate the WTO accession process.
- Jumpstart the WTO accession process and bilateral trade negotiations with the US.
- Engage with essential departments and agencies of the U.S. Executive branch and key members, committees of the Congress to develop support for improved trade relations with Libya, including WTO accession and bilateral trading agreements.

TLG Actions:

- TLG will work with Libyan officials to develop a long-term strategy for creating an enabling environment, securing WTO membership, bilateral trade agreements with the US.
- TLG will utilize existing relationships to help Libya develop positive working partnership with IFI's and thereby secure advice and assistance with any restructuring necessary to create the enabling environment and thereby advance WTO accession efforts.
- TLG will also help Libya identify governmental and non-governmental resources that are available to offer technical assistance with both the WTO accession process and any internal reforms that may be required by that process.
- TLG will help Libya engage with non-governmental organizations, think tanks and academia with the necessary expertise to assist Libya in identifying key economic, judicial and regulatory areas of concern and develop an implementation plan tailored to Libya's needs and specific political and economic structure.
- TLG will work with Libya's WTO negotiating team to conduct an assessment on the current status of Libya's WTO accession effort and identify areas for possible assistance.
- TLG will engage with appropriate agencies to jumpstart and support the TIFA negotiation process, and work with Libyan officials to develop a long-range strategy for securing a Free Trade Agreement between Libya and the US.
- TLG will facilitate, schedule and staff meetings with leadership and key staff at Executive Agencies to support these goals, including:
 - Department of State
 - Department of Commerce
 - Office of the US Trade Representative
 - OPIC
 - Ex-Im Bank
- Generate Congressional support for Libya's accession into the WTO and expanded US-Libya trade and trade agreements.
 - TLG will obtain letters from Members of Congress to Executive Agencies urging them to support Libya in its WTO accession efforts, engage Libya in trade negotiations and otherwise work to lower trade barriers.

- Members will also be requested to send Dear Colleague letters to other Members to generate widespread support within Congress for improved trade relations with Libya and Libya joining the WTO.
- TLG will work to have Members take other actions, such as making Floor Statements or inserting report language, supporting improved Libya's WTO membership and better trade relationships.

2. Easing International Traffic in Arms Regulations (ITAR)

The import and export of weapons, military technology and equipment is closely regulated in the United States through laws and regulations, including the International Traffic in Arms Regulation (ITAR) system. These regulations are country-specific, and developed in coordination and consultation with multiple USG departments, including the Department of Commerce, Department of State, and Department of Defense, and may also involve input from or action by the United States Congress. As a result, any modification of a country's ITAR status is a complicated process. These trade regulations also extend to many "dual-use" materials – items that can be used in both military and civilian applications.

In April 2004, the US terminated its comprehensive embargo on trade with Libya. Libya was removed from the list of State Sponsors of Terrorism in 2006. In the wake of these two events, many trade restrictions have been eased. However, military trade with Libya remains very limited, with most sales requiring a case-by-case review. In February 2007, a new ITAR was issued for Libya, which established a general presumption under US regulations against virtually all military sales to Libya. The complexity of ITAR and the ambiguities regarding Libya's status (especially in light of the recent settlement agreement) are considerable barriers to US companies looking to trade with Libya in this market sector.

Changing Libya's ITAR status would facilitate commercial activities in this area and allow Libya to more easily import dual-use technologies and materials for use in securing Libya's borders and internal security.

Relevant Departments and Agencies:

- Department of Commerce, Bureau of Industry and Security (BIS)
BIS is responsible for managing a US export control and treaty compliance system for the promotion of US national security, foreign policy and economic objectives.
- Department of State, Director of Defense Trade Controls
Defense Trade Controls regulates the export and temporary import of defense materials and services to ensure consistency and support of US foreign policy and national security goals. Defense Trade Controls are responsible for administering and enforcing ITAR.
- Department of State, Bureau for Political-Military Affairs
The Bureau of Political-Military Affairs (PM) is the Department of State's chief link to the Department of Defense. The PM Bureau provides policy direction in the areas of international security, security assistance, military operations, defense strategy and plans, and defense trade.

- Department of Treasury, Office of Foreign Asset Control
OFAC is responsible for administering and enforcing economic and trade sanctions based on US foreign policy and national security goals against designated foreign countries, terrorists, international narcotics traffickers, and those involved in activities related to the production of weapons of mass destruction.

Senate and House Committee(s) of Jurisdiction

- Senate Appropriations Committee
 - Subcommittee on State Foreign Operations and Related Programs
- House Committee on Foreign Affairs
 - Subcommittee on Terrorism, Nonproliferation, and Trade
- House Appropriations Committee
 - Subcommittee on Foreign Operations

Goal: Begin the process of easing US export restrictions regarding military and dual-use materials.

TLG Actions:

- Meet with senior officials at Commerce BIS.
- Introduce the Ambassador, form relationships and encourage the development of policies that are positive toward Libya and the progress being made in that country.
- Obtain letters from prominent Members of Congress to the Department of State asking for assistance with Libya on export related matters.
- Meet with senior officials at the State Department Bureau for Political-Military Affairs.
- Arrange a meeting with Director of Office of Foreign Assets Control.
- Seek meetings with the Deputy Under Secretary of Defense, Technology Security Policy and National Disclosure Policy and Director, Defense Technology Security Administration and Deputy Director, Defense Technology Security Administration.

3. Double Taxation Agreements

It is not unusual for a business or individual who resides in one country to make a taxable gain (earnings, profits) in another. This person may find that he is obliged by domestic laws to pay tax on that gain locally and pay again in the country in which the gain was made. Since this is inequitable, many nations negotiate and enter into bilateral double taxation agreements treaties with each other. In some cases, these treaties may require that tax be paid in the country of residence and be exempt in the country in which it arises. In other cases, the country where the gain arises deducts taxation at source ("withholding tax") and the taxpayer receives a compensating foreign tax credit in the country of residence to reflect the fact that that tax has already been paid. A treaty may provide for the two parties to exchange information and assist each other in efforts to prevent tax evasion.

Relevant Departments and Agencies:

- US Dept of Treasury (with specific emphasis on the IRS)
Within the Department of Treasury, the IRS handles the Double Taxation Agreements. There is a long list of countries who would like such a treaty and the staff reviewing the applicants is small.

- State Department
- National Security Council

Views held by the State Department or National Security Council can shape or hinder consideration, as well as provide a source for other compelling reasons to establish such a treaty.

Other Relevant Organizations:

- National Foreign Trade Council (NFTC)

The NFTC is the premier business organization advocating a rules-based world economy. Founded in 1914 by a group of American companies that supported an open world trading system, the NFTC and its affiliates now serve more than 300 member companies through offices in Washington and New York. The NFTC creates and reviews the most viable countries for a Double Taxation Agreement and submits this list to the US Department of Treasury. When pursuing a Double Taxation agreement, many countries will try to get on the NFTC list.

Relevant Congressional Contacts

- Senate Foreign Relations Committee – this committee has jurisdiction over the ratification of such treaties. The committee will hold a series of hearings to investigate before a tax treaty is ratified by the full Senate.

For this particular process, attaining a double taxation agreement is a long process that may take up to 10 year to achieve. Part of the reason it takes so long is because of the small staff within the IRS to review eligible applicants. There is a long line of applicants and typically only two or three countries per year make it to the Senate Foreign Relations Committee for ratification of their treaty. At this time, meeting with Members from the Senate Foreign Relations Committee on this issue may be premature.

Goal: Begin the process for securing a double taxation agreement on behalf of Libya.

TLG Actions:

- Start to build a case and develop interests at the Treasury Department for the need of a Libyan Double Tax Agreement
- Establish the strategic interests beyond tax reasons for a double taxation agreement through information gathered from other agencies such as State or National Security (EX) Venezuela and Curacao
- Utilize contacts at the US/Libya Business Association (USLBA)
- Start to work with elements of the US business community interested in doing business in Libya to generate support and to identify those willing to go to the NFTC and speak on Libya's behalf
- Facilitate and identify other business opportunities (like OPIC) where economic development opportunities can be pursued in tandem.
- Approach key Members of Congress who serve on the Ways and Means Committee and the Senate Finance Committee

TLG TALENT – TRADE & INVESTMENT SECTION

Lauri Fitz Pegado - served as Assistant Secretary and Director General of the U.S. and Foreign Commercial Service at the Department of Commerce.

Joe Blatchford- as an international trade lawyer and lobbyist for the past 25 years, Mr. Blatchford has represented foreign industries and government entities, principally in Latin America and Asia, to gain access to the US market. This includes reducing trade barriers and opening markets for foreign products as well as defending foreign manufacturers in anti-dumping, countervailing duty, and tariff preference cases before the executive branch and the courts.

John Duncan- served as Chief of Staff and Legislative Director for U.S. Senator William V. Roth, Jr (DE). In that capacity he provided political and managerial guidance on major legislative initiatives under Roth's chairmanship of the Senate Finance Committee, including: welfare reform, Medicare reform, tax cuts, pension reform, elimination of the marriage penalty, reducing capital gains taxes, creation of the Roth IRA, and IRS Reform and trade expansion.

Bill Teator- has formulated issues management plans incorporating direct lobbying, media relations, coalition building and grass-roots techniques to support public policy objectives. He has worked with Fortune 500 companies, non-profit organizations, trade associations and political leaders with interests domestically and overseas.

D. Enhanced Business Activity and Economic Development

1. The Overseas Private Investment Corporation: Background and Legislative Issues

The Overseas Private Investment Corporation (OPIC) was established in 1969 and began operations in 1971 to promote and assist US business investment in developing nations. OPIC is a US government agency that provides project financing, investment, insurance, and other services for US businesses in 156 developing nations and emerging economies.

OPIC operates on a self-sustaining basis and has recorded a positive net income for every year of operating, with reserves now totaling more than \$5 billion. OPIC's authority to guarantee and insure US investments abroad is backed by the full faith and credit of the US government and OPIC's own substantial financial resources.

OPIC's priority regions as of late have been the greater Middle East, sub-Saharan Africa and Central/South America.

Under the guidance of the State Department, OPIC carefully reviews applicants. There are several steps to attaining OPIC status for a country. These general steps include:

1. Not appearing on any lists prohibiting business within the country
2. An interest by the host country

3. Negotiation of an Investment Incentive Agreement (IIA) for OPIC to open in the hosting country. This document governs how the host government will treat OPIC when OPIC is conducting business in the host country (ex. Tax treatment)
4. OPIC decides to open for business in the host country
5. USTR will check to see if the host government is eligible for the General System of Preferences (GSP) list. This list is maintained by USTR and names countries that do not have worker rights issues. If a country is taking steps to improve worker rights issues, they may appear on the list as well
6. A US investor comes forward with a proposal
7. The proposal will be subject to a review process where it must pass:
 - a. OPIC's guidelines
 - b. Statutory requirements
 - c. Congressional restrictions
 - d. Environmental restrictions
 - e. Workers Rights (must meet World Bank Standards)
(An OPIC Project Team is assigned to help each investor mitigate where the project is falling short of required standards.)
8. The Investor will request either finance or insurance services

Relevant Departments and Agencies:

- State Department- this department will determine if a country is ripe for business development and will evaluate the political risks involved with OPIC's presence.
- Treasury Department- OPIC regularly turns back funds to the Treasury Department and is required to receive an appropriation based on an estimate of its credit programs (direct loans and guarantees).

Relevant Congressional Contacts:

Congress directs OPIC to focus on projects that have "positive trade benefits to the US."

- Senate and House Committee(s) of jurisdiction:
 - Senate Committees-Appropriations, Commerce, Science and Transportation, Foreign Relations
 - House Committee- Appropriations, Energy and Commerce, Financial Services, and Foreign Affairs

Goal: To attain OPIC status for Libya.

TLG Actions:

- Begin the application process for Libya to become an OPIC member
- Reach out to the State Department to determine if they support commercially and financially sound US investment in Libya
- Congressional outreach to the Senate and House to gauge support for economic development in Libya

2. U.S. Export-Import Bank

The Export-Import Bank (Ex-Im Bank) is an independent US government organization created in 1934 to generate US jobs through exports. Ex-Im Bank's major programs consist of direct long-term loans, credit and working capital guarantees (principally to commercial banks), short and medium-term loans, credit insurance, funding for the purchase of aircraft, and funding for environmental, nuclear, and other particular projects.

The majority of the bank assistance has been comprised of direct financing to assist buyers overseas with the purchase of American goods and services. This support has been carried out through long-term credits to public or private entities for the acquisition and export of capital equipment and related services, credits to foreign lending institutions for distributing to local enterprises, credits to countries afflicted by transitory dollar shortages to sustain the flow of U.S. trade, and agricultural commodity credits.

Through these programs the bank has contributed to economic development projects in developing countries. In the past few years, it has promoted the export of environmentally useful goods and services and has reduced the effects of trade subsidies set up by other governments. Contrary to its name, Ex-Im Bank does not finance imports.

The bank's loans, which are made in dollars and are repayable in dollars, are provided for specific purposes. The bank is required to promote and increase private capital but not compete with it. The bank is overseen by a board of five directors appointed by the President of the United States.

Gaining Ex-Im Bank's recognition of Libya as a viable foreign market and support for projects in Libya would be a substantial aid in attracting US investment and trade.

Goal: Develop a cooperative relationship between Libya and the US Ex-Im Bank to facilitate US trade and commercial activities in Libya.

TLG Actions:

- TLG will assist Libya with understanding the application process for:
 - export credit insurance and working capital guarantees through the Business Development Division of the Bank, and/or
 - financing for medium- and long-term loans and guarantees *using the Letter of Interest (LI) Application or the Preliminary Commitment (PC)/Final Commitment (AP) Application, and will*
 - *facilitate introductions to key bank officers, and*
 - *offer advice regarding developing proposals and meeting bank criteria.*

3. Trade Development Agency

The US Trade and Development Agency (USTDA) is a foreign assistance agency that advances economic development and US commercial interests in developing and middle income countries. The USTDA mission is to promote economic growth in developing and middle income countries, while simultaneously helping American businesses to export their products and services, thereby creating U.S. jobs. In addition, USTDA supports U.S. policy objectives related to development and capacity building activities.

The agency funds various forms of technical assistance, early investment analysis, training, orientation visits and business workshops that support the development of a modern infrastructure and a fair and open trading environment. The hallmark of USTDA development assistance has always involved building partnerships between US companies and overseas project sponsors to bring proven private sector solutions to developmental challenges.

USTDA's strategic use of foreign assistance funds to support sound investment policy and decision-making in host countries creates an enabling environment for trade, investment and sustainable economic development.

In carrying out its mission, USTDA gives emphasis to economic sectors that may benefit from US exports of goods and services, with many agency activities focusing on transportation, energy and power, water and the environment, health care, mining and natural resources, telecommunications, and information technology.

UTDA programs cover a wide range of areas, including:

- Helping to develop sector strategies, industry standards, and legal and regulatory regimes to create a favorable business and trade environment;
- Training foreign decision-makers in technology and regulatory issues to give a better understanding of US experience and capabilities;
- Providing grants for trade and industry advisors to assist with capacity building activities relevant to trade regulations, standards or the import of technology and additional expertise;
- Hosting orientation visits to bring foreign project sponsors in the US to observe the design, manufacture, demonstration and operation of US products and services that can potentially help them achieve their development goals;
- Providing grants to oversee infrastructure project planning assistance and to assist with the establishment and oversight of international project procurement activities; and
- Organizing workshops, conferences and technical symposia that aim to connect overseas project sponsors with US firms and entities that supply project finance, technology and industry expertise that may be useful in project implementation.

USTDA is currently sponsoring projects around the world in areas such as improving cargo handling and port logistics, developing broadband data networks, power generation, and improving sanitary conditions and inspections.

Successfully engaging the USTDA can provide a tremendous boost to Libya's efforts to attract foreign investment and to develop domestic industries and infrastructure. TLG can help Libya develop a positive working relationship with this important source of US foreign assistance.

GOAL: Develop a positive working relationship between Libya and USTDA and identify potential projects and areas for USTDA assistance.

TLG Actions:

- TLG will help Libya engage with USTDA and develop a mutual knowledge of USTDA programs and opportunities in Libya.
- TLG will work with Libyan leadership to identify potential projects for USTDA assistance that best advance Libya's development goals and provide strategic advice and council regarding which projects are most likely to be supported by USTDA.
- TLG will assist Libya in securing technical assistance from USTDA or private sources to develop the strong project proposals for USTDA assistance.

4. Developing Relationships with US & International Business Partners

As a result of strong oil exports and a newly thawed relationship with the US and other western economies, Libya is experiencing an economic boom with excellent prospects for continued economic growth. To take advantage of this new flood of revenue, Libya is pursuing an aggressive plan of domestic development and diversification in all sectors of the Libyan economy and society. To support this effort, Libya is looking to attract US and other foreign businesses to enter into the Libyan market.

It is our understanding that Libya is making substantial investments in three major areas:

- Infrastructure:
 - rail, road, mass transit and other transportation
 - power generation and transmission
 - telecommunications
 - sanitation
 - general construction and architecture
 - hospitals and healthcare
 - education
 - general civil engineering
- Tourism:
 - hotel management and development
 - ecotourism development
 - history-oriented tourism, capitalizing on antiquities in Libya
- Defense:
 - border security
 - passport control
 - internal security

However, challenges remain. Libya is competing with many other affluent developing foreign nations that are also looking to engage with foreign businesses. As a result of the long break in US-Libya relations, Libya has been off the radar screen for most US companies, and today most are unaware of the opportunities for new business activities. Entry into any foreign market can be a daunting challenge for any business, especially a market that is unfamiliar and untested. For any project or problem, there are several different companies clamoring to offer their solutions. TLG can help Libya cut through all of this static and connect the right company with the right project.

TLG represents a wide range of companies in virtually all sectors of the economy – from health care and education to construction to telecommunications to energy and environmental development. Furthermore, Bob Livingston and other members of the TLG team also have extensive contacts with the senior leadership of countless US businesses. TLG can tap this network and knowledge to help Libya identify potential partners and to make sure the US companies are aware of the many opportunities in Libya.

TLG's contacts are not limited to US companies. As a result of TLG's extensive network of international affiliates, we also are able to identify potential business partners beyond the US shores yet ideally suited for a particular project or need. TLG will leverage its global reach and create an approach to maximize the options and opportunities for Libya and put together win-win relationships.

TLG can also assist Libya by providing these companies with the technical assistance and consulting services to facilitate a quick and successful entry into the Libyan market. This can be especially valuable when trying to attract businesses with limited experience working abroad.

Goal: Help Libya identify partners and secure relationships to advance its development goals and projects.

TLG Actions:

- Work with Libyan officials to identify specific project or market-sector needs and match US and other businesses.
- Facilitate meetings for the Libyan Ambassador with senior management at the US Department of Commerce (DOC).
- Encourage DOC to conduct a series of informational briefings for the US business community regarding the rules and procedures for doing business in Libya.
- Where appropriate and desired, TLG will arrange and host meetings between Libyan officials and US companies.
- Arrange consulting services to provide technical advice and assistance for US companies entering the Libyan market.

5. Developing a Corporate Social Responsibility Program

With the lifting on US sanctions, foreign investment in Libya in all sectors of Libya's economy is anticipated to increase dramatically. Beyond the obvious direct benefits this foreign investment will have for Libya's economy, there is the additional opportunity to harness this foreign interest to support Libya's greater development goals.

Over the past several years, many US and international companies have adopted Corporate Social Responsibility (CSR) policies as part of their normal business practices. The CSR approach to business looks for ways to reduce the negative environmental and/or social impact of the enterprise and produce social, environmental and economic benefits for the communities in which that enterprise operates. For instance, a company with an active CSR program may fund local schools or health clinics in the communities where its operation is located. The cost of supporting these local programs is considered a normal cost of doing business.

As more and more US corporations enter the Libyan marketplace, it is important that Libya fully understand and make the most of this opportunity for secondary benefits.

TLG can assist Libya with developing a national CSR program to harness and target the potential social investment, thereby accelerating Libya's existing development efforts. By establishing a clearly articulated CSR plan, Libya can ensure that all foreign investors are aware and expect to operate in an ethical and sustainable manner and provide support in the communities within which they operate. This plan might include a requirement that all foreign entities establishing operations in Libya have a clearly stated CSR policy; establish mechanisms for regular CSR reporting by businesses operating in Libya; and an identification and prioritization of goals to target CSR investments.

TLG's Corporate Social Responsibility and Congressional Oversight practice group, lead by former Congressman Dennis Hertel, puts a formidable array of expertise at Libya's disposal. TLG team members have served as corporate executives with companies like Phillip Morris, Monsanto, Texaco and Iridium. Others have worked in leadership positions inside the Clinton Administration's Commerce Department and National Security Council, and have long histories of counseling corporations and others on key CSR strategies. Others serve on non-profit boards working with diverse constituencies in the US and the developing world, and maintain credible networks in the NGO community - including environmental and consumer groups.

TLG has assisted corporations and other organizations to define issues related to stakeholders, and can draw upon this experience to help Libya develop a CSR strategy. TLG can help develop and implement strategies that leverage foreign corporation's objectives in the US and select markets abroad to advance Libya's own domestic goals.

To assist Libya in the CSR arena, TLG proposes to augment its already talented CSR practice group by utilizing our consultant Sandra Taylor, President and CEO of Sustainable Business and the recognized leading authority on CSR programs. Ms. Taylor has developed groundbreaking strategies for multinational corporations such as Starbucks, Eastman Kodak and Nike, with experience and expertise from working around the globe.

GOAL: Develop a national CSR program that will advance Libya's domestic goals and establish Libya as an international leader in harnessing international commercial investment for responsible development.

TLG Actions:

- TLG will work with its CSR practice group, Sandra Taylor and/or other experts to assist Libya in developing a CSR strategic plan.
- TLG will help Libya survey existing CSR programs of US business activities in Libya and include a survey of other international companies doing business in Libya as well.
- TLG will make recommendations to the Government of Libya on ways to improve CSR engagement.

TLG TALENT – Business and Economic Development section:

Dennis Hertel- is the director of the Corporate Social Responsibility and Congressional Oversight Practice Group at TLG. He is a six-term former Democrat Member of Congress from Michigan and served as the former Chairman of the Investigations and Oversight Subcommittee, House Committee on Armed Services.

Sandra Taylor - as the Senior Vice President of Corporate Social Responsibility of Starbucks Coffee Company and a pioneer in the field of corporate social responsibility, Taylor has developed groundbreaking strategies and initiatives for major global brands. From the establishment of micro-loan programs and price equity standards for farmers in Central America to educational opportunities and clean water programs for impoverished children in China and Africa, Ms. Taylor set a new standard for corporate philanthropy and social investment.

E. Special Projects

1. Recognition of 40th Anniversary of the Revolution – September 2009

In September 2009 Libya will celebrate the 40th Anniversary of the 1969 Revolution. To mark this occasion, we appreciate that Libya is undertaking a range of important initiatives that deserve international and U.S. attention– including building infrastructure/new schools, hospitals, communications, roads and mass transit, focused on improving the quality of life for Libya's citizens and demonstrating the country's progress.

Goal: To bring positive attention to the new and evolving Libya and to mark the importance of this milestone.

TLG Actions:

- TLG will work with Libya to gain positive attention for the anniversary and the new face of Libya by establishing a strategy and plan for outreach.
- TLG will work with the GOL to expand the identification of US companies interested in assisting Libya.
- TLG will use this opportunity to move the bilateral relationship forward, especially in terms of official visits to Libya (congressional visits, civil society, tourists, etc.) and the opportunity for high level governmental visits from Libya to the United States, and to underscore the cultural and historical importance of Libya globally and bilaterally.

2. Sovereign Wealth Funds

Media attention to sovereign wealth funds (SWFs) is a direct reflection of the US public, congressional and executive branch attention to increased activity of these funds in the US market. The heightened scrutiny should be an alert to fund holders of possible changes to SWFs policy in the United States and in the European Union.

Movement within the US Government

Government decision-making in the area of sovereign fund investment in the US has both political and substantive dimensions. For that reason, funds need to pay attention to the politics as well as the substance of their investments.

The US review system for determining "good" from "bad" investments is a work-in-progress. Its basic elements are coming into focus and will most likely consist of an enhanced Committee on Foreign Investment in the United States (CFIUS) process, fund-related codes of conduct, and the use of SEC 13-D type filings.

A recent hearing (April 24, 2008) of the Senate Banking, Housing and Urban Affairs Committee revealed that several members, particularly Democrats, are considering regulation of sovereign wealth funds that stretches beyond the traditional CFIUS regulation of foreign purchasers of US assets.

Under these circumstances, one should not assume that any changes to the review process will free it from politics. In the wake of the Dubai Ports World fiasco, CFIUS decision-makers can be expected to pay close attention to congressional reactions to individual transactions. As a consequence, foreign investors must not only have a substantive strategy for gaining approval, but they should also have a political strategy for securing and holding consent.

Action and Influence of International Political & Monetary Communities

The European Union already has announced its intention to issue regulations to govern the activities of SWFs within its borders and, given recent assertions of EU extra-territorial jurisdiction, those regulations may, in effect, stretch beyond EU borders. In the US, advocates of SWF regulations, as discussed above, already are using this announcement as evidence that the US needs to follow suit and move to restrict SWF activities. Preliminary EU moves in this area already have prompted strong criticism from the SWFs of Dubai and Kuwait (see Financial Times, April 30 '08).

The International Monetary Fund (IMF) is currently working on a "voluntary" code of conduct for SWFs. Advocates of free trade and investment clearly hope that this initiative will serve to derail, or at least distract, advocates of strict, compulsory legislation in the US Congress.

The US Congress is not likely to cede what it views as its US jurisdiction to a multilateral body. Any code of conduct issued by the IMF will be re-examined by the Congress and passed into legislation. During this process advocates of regulations will work hard to stiffen it via the committee mark-up and floor amendment processes.

TLG Actions:

- Monitor legislative environment during the 111th Congress with regard to legislation influencing the operation and business practices of SWFs.
- Provide legislative updates and analysis
- Identify key Congressional Members for meetings/discussions

3. Libyan Foreign Commercial Service

Having a FCS Officer posted to Libya and dedicated to the Libyan market would provide a substantial boost to Libya's efforts to attract US businesses and investment in priority sectors including tourism. As previously discussed, a country's FCS provides assistance to domestic (Libyan) businesses that are seeking to enter the market of a foreign company. The FCS helps these countries gain an understanding of the foreign market, navigate the legal and regulatory environment, and identify partners and opportunities for investment and trade in foreign markets. The FCS can also help increase export trade by matching domestic companies with foreign opportunities which might have otherwise gone unnoticed by either side.

An FCS can be especially beneficial to small and medium sized enterprises (SME's). Organizing and training SME's through programs designed specifically for them is essential. Companies without a domestic base and experience find it difficult to successfully enter foreign markets. Resources, such as basic market research, credible distributors and agents for products and services and knowledge of technical standards and regulations are important. In many countries of the West, government agencies have been organized to provide these basic services at low or no cost to SME's. Establishing a Libyan FCS will help keep Libyan businesses on an equal footing with their international competitors.

Given that in most of the world, SME's are the backbone of growth through exports, a program focused on these companies and specific industries is appropriate. Furthermore, successfully building a strong and growing export-sector of the Libya economy can be especially important to Libya's long-range development goals as it seeks to diversify its economy and move beyond a dependence on petro-chemical exports.

Goal: Establish a viable export and investment promotion arm of the Government of Libya in key markets around the world.

TLG Actions:

- TLG will provide Libya with the framework for establishing its own FCS agency to assist SME's and other businesses in Libya. Its focus will be to promote exports for SME's and larger businesses and to develop a lasting infrastructure. The components will include developing:
 - Administrative and management headquarters housed at a Government Ministry;
 - Domestic network of offices to identify and develop SME's;
 - Training programs to prepare the companies for export readiness
 - A fee for service structure;
 - Overseas programs to service the market needs of exporting companies; and
 - Partner organizations in Libya to work with the SME's for development, exporting and growth and mentorship.

TLG TALENT – SPECIAL PROJECTS SECTION:

Lauri Fitz Pegado - served as Assistant Secretary and Director General of the U.S. and Foreign Commercial Service at the Department of Commerce.

Ian Butterfield – has 27 years of experience in international and energy matters which he utilizes to advise foreign governments, non-US companies seeking to establish or expand a US commercial presence and US companies planning overseas expansion.

John Duncan- was President Bush's Assistant Secretary of the Treasury for Legislative Affairs. Duncan worked closely with the White House as well as leaders in the House and Senate to enact the 2001, 2002 and 2003 tax cuts.

III. CAPABILITIES

TLG is uniquely qualified to represent Libya's needs. In particular, TLG's International Practice Group features eight former members of the US House of Representatives, former foreign service officers from the US and other countries, former presidential appointees from key agencies and departments, a host of people with experience in both the non-profit and private sectors.

Examples of what we have accomplished for foreign clients:

- Began a Caucus for a country with the goal of securing 25 members. Current membership is 61 members and growing.
- Secured \$1 billion in ESF for a country to be converted to \$8.5 billion in loans.
- Secured legislation condemning terrorist attacks in a country in a record three days.
- Helped design and make the case to the Congress and the Administration that a country is rapidly reforming and democratizing, that the country is a true friend and ally of the United States, but is a country that has major challenges that need to be addressed with US help, including the threat from terrorists.
- Secured significant increases in US assistance for two countries.
- Helped educate policymakers on the destabilizing impact of a territorial dispute.

Case Studies

The following are examples of some of the efforts TLG has pursued on behalf of foreign clients:

- For a Foreign Government -- TLG has helped build a Congressional Caucus totaling 27 members to date. We also have provided strategic counsel to the Ambassador for his message to Members of Congress and we have prioritized those meetings. We have drafted statements to be inserted in the Congressional record, drafted Dear Colleague letters on issues and legislation of importance, organized Member and staff briefings, instituted third-party letter campaigns in support of legislation initiatives, and analyzed political and US-policy developments as part of an overall government relations strategy.

- For an African President-- TLG has served at the forefront of an effort to expose and regulate the activities of "vulture funds," which buy defaulted or non-performing debt from creditors of vulnerable developing countries, particularly in Africa and Latin America.
- For a Foreign Government – TLG has provided information and updates about legislation of interest to the government including Corporate Tax Reform, Funding to OECD Tax Initiatives, and Hurricane Relief. TLG worked to minimize the burden on companies with overseas headquarters in relation to the corporate tax reform bill. TLG also has acted on behalf of the foreign government (much like an Embassy) for policy issues including requests for port security, customs clearance, disaster relief and visa support.
- For a North African Country – TLG successfully represented a North African Government through a Free Trade Agreement by cultivating a champion in the Congressional leadership, having "point" men and women in the rank and file membership, building a private sector coalition, and reaching out to likely opponents in Congress. TLG adjusted tactics according to Members' party affiliation and varying positions on trade and US business.
- For an African Airline – TLG guided the airline through the submission process before the Department of Transportation. TLG represented the airline before the Department of Transportation, Department of State, House and Senate Transportation and Foreign Relations Committee's, Congressional Black Caucus, corporate entities, non-profit community and the country's Diaspora in support of the submission.
- For a North American Energy company – TLG conducted a short-term study focusing on the client's developing global business strategy. The study included a review and recommendations pertaining to countries of interest, the US political landscape, branding and competition, corporate citizenry, memberships and affiliations to business councils, non-governmental organizations and think tanks in Washington, DC and abroad. Research and analysis was conducted by a select team at TLG with expertise and reach on Capitol Hill, the business community, and policy groups.
- For a South African energy firm – TLG has worked on tax and Department of Defense contracting authority legislation in support of the company's overall business development goals in the US.

Practice Areas

TLG practice extends to a broad range of issues and area, giving the TLG the knowledge and experience to skillfully serve and represent Libya's current and future needs and interests. The depth and breath of TLG's experience is reflected in a list of our practice areas:

- Corporate Social Responsibility and Congressional Oversight
- Defense Technologies/Homeland Security
- Education and Non-Profits

- Energy, Environment, and Natural Resources
- Financial Services and Tax
- Health Care and Pharmaceuticals
- International Relations/Business Development
- Science, Technology and Telecommunications
- Transportation, Shipbuilding and Shipping

International Affiliates

Our business and political reach is beyond the US. In addition to TLG's International Practice Group, TLG has an Affiliate Network that expands to 14 nations. The Affiliate Network allows TLG to have continued business relations with leading experts and firms around the world. TLG is prepared to assist Libya beyond the borders of the US.

Please see below a list of the countries covered by our Affiliate Network, including specialists and leading firms from Africa, North America, Latin America and Western Europe:

- Sydney, Australia
- São Paulo, Brazil
- Ottawa, Canada
- Santiago, Chile
- San Jose, Costa Rica
- Zagreb, Croatia
- Quito, Ecuador
- Berlin, Germany and Brussels, Belgium – European Union
- New Delhi, India
- Amman, Jordan
- Merida, Yucatan, Mexico
- Madrid, Spain
- Cape Town, Johannesburg and Durban, South Africa
- London, United Kingdom

IV. TEAM BIOS

At TLG, we offer our clients the service and expertise of all principal employees and consultants within our firm. While all are available on an on-call basis, a strategic team of professionals has been assembled on behalf of Libya.

Biographies for your core Washington, DC team are as follows:

Honorable Bob Livingston, Founding Partner

The founder of The Livingston Group, former Congressman Robert L. "Bob" Livingston, provides overall direction and personal leadership for the operations of the firm. From 1995 to 1999, Bob Livingston chaired the House Appropriations Committee on which he served for 18 years. After a

successful legal career in the public and private sectors, Mr. Livingston was elected in 1977 as the first Republican to represent Louisiana's First Congressional District in 102 years. He was re-elected to the U.S. House of Representatives for eleven successive terms. Mr. Livingston was elected by his peers to serve as Speaker-designate for the 106th Congress, but chose to retire from the House in 1999. Respected by Republican and Democratic Members alike, Livingston is the only former chairman of the powerful Appropriations Committee now in private practice.

Honorable Bob Clement, Senior Counselor

Bob Clement joins The Livingston Group while also continuing to serve as President of Clement and Associates, LLC. He is a former Democrat Member of Congress from Tennessee's fifth District. During his eight terms (1988 to 2003) he served as a ranking member of the Transportation and Infrastructure Committee. Clement worked on the Railroad, Highways and Mass Transit; Aviation Subcommittees; and Water Resources Subcommittees. He also served on the House Budget Committee giving him significant insight into funding procedures in Congress. He made global contacts through his work on the International Affairs Committee. In his travels associated with the Tourism Caucus, he promoted trade and tourism for the U.S. In addition to his committee roles, Clement founded and co-chaired the Education Caucus to promote and support more funds for public education. He also helped found the New Democrat Caucus that concentrated on high tech and trade issues. Clement was one of only three former college presidents serving in Congress during his tenure.

Honorable William Zelif, Jr., Senior Counselor

Mr. Zelif was elected to the U.S. House of Representatives in 1990 from the first district of New Hampshire and chose to retire in 1997. Bill Zelif has earned the reputation among Members of Congress of a problem solver and a consensus builder. As Deputy Whip, Mr. Zelif helped create and implement the House agenda. His service as Chairman of the Subcommittee on National Security, International Affairs and Criminal Justice of the House Government Reform Committee was instrumental in moving the drug issue to center stage during the 1996 presidential election. He was a senior member of the House Transportation Committee and served with distinction on the Surface Transportation, Water Resources and Aviation Subcommittees. Bill Zelif authored the "A to Z Budget Cutting Tool" used by Members of Congress to encourage fiscal responsibility. Mr. Zelif successfully rebuilt and operated three small businesses, winning the New Hampshire Restaurant and Lodging Association's prestigious Innkeeper of the Year award in 1988.

Honorable Lauri J. Fitz-Pegado, Partner and International Relations Practice Director

Lauri Fitz-Pegado is a Partner at The Livingston Group. In addition to direct client services, she contributes to the development of new business strategies, proposals and presentations for TLG's broad range of practice groups.

A former Foreign Service officer with postings in the Dominican Republic and Mexico, Ms. Fitz-Pegado served as Assistant Secretary and Director General of the U.S. and Foreign Commercial Service at the Department of Commerce. Appointed by President Clinton and confirmed by the Senate in 1994, she served under the late Secretary Ronald H. Brown, Secretaries Mickey Kantor and William Daley. Her duties included promoting U.S. exports and assisting U.S. companies to

expand market share and compete for contracts around the world. She managed 130 export promotion offices overseas and 90 offices in the United States, and served as director of Commerce's Africa Task Force. Ms. Fitz-Pegado played a leading role in the reorganization of commercial offices in Africa, the US-South Africa Business Council and numerous trade missions to emerging markets throughout the world.

On the political front, she was Director for Public Liaison of the first Clinton-Gore Inaugural and advisor on international issues to Democratic Committee Chairman Ronald H. Brown.

In 1997 she joined Iridium LLC, the world's first global satellite and paging company, where she was Vice President for Global Gateway Management and Vice President for Corporate Affairs and Communications. Ms. Fitz-Pegado also provided domestic and international clients strategic communications counsel, public and government relations services over eleven years at Gray and Company and Hill and Knowlton. During that period she represented many foreign governments, including several in Africa and the Middle East.

Ms. Fitz-Pegado is a member of the Council on Foreign Relations and the Washington Government Relations Group. She serves on the boards of the Constituency for Africa, the United Negro College Fund's Institute for International Public Policy, the National Education Association Foundation and the American and African Business Women's Alliance. She is a Phi Beta Kappa graduate of Vassar College and has a Master of Arts degree from the Johns Hopkins School of Advanced International Studies. She speaks Spanish and Portuguese.

J. Allen Martin, Founding Partner

Allen Martin was Chief of Staff to Bob Livingston throughout Mr. Livingston's congressional career and he was a Founding Partner of The Livingston Group. Mr. Martin has earned extraordinary working relationships among a wide variety of Administration and congressional leaders. He is well respected for his in-depth knowledge of the U.S. government decision-making process, for his intellect and for his integrity. An honors graduate of Clemson University, Mr. Martin has been involved with successful political activities and elections throughout the United States.

Honorable Jill Schuker, Consultant

Jill Schuker, an expert in strategic communications, issue management, and message, media, reputation management counseling, has worked across the globe with governments and societies in transition, corporations, trade associations, academic institutions, foundations, think tanks and non-profits. Her expertise includes strategic planning, communications audits, and full communications and media strategies including media training, crisis communications, and the tailoring, planning, formulating, shaping and executing of key messages and risk analysis.

She served in the Clinton Administration as Special Assistant to the President for National Security Affairs, Senior Director for Public Affairs at the National Security Council and Deputy Communications Director at the White House. Other Administration positions include: head of Public Affairs for Secretary of Commerce Ronald H. Brown and Counselor for Press and Public Affairs at the U.S. Mission to the United Nations, and as Deputy Spokeswoman at the U.S.

Department of State under President Carter. She also was Press Secretary to Governor Hugh L. Carey of New York and Executive Director of the bipartisan New England Congressional Caucus on Capitol Hill.

Ms. Schuker has published numerous articles on public diplomacy, served as an Adjunct Associate Professor at the Fletcher School of Law and Diplomacy at Tufts University and as a Shapiro Fellow at George Washington University where she taught, is a Fellow at the University of Southern California Center for Public Diplomacy, was both a Ford Foundation and European Community Fellow, is a member of the Council on Foreign Relations, a Board member of the Atlantic Council of the United States, and serves on other non-profit Boards.

She received her B.A. in government from Skidmore College and her M.A. from Tufts University.

Stacie Walters Fujii, Principal

Stacie Walters joins The Livingston Group from Congressman Vic Snyder's (D-AR) office. Ms. Walters was a senior staffer for the Congressman and handled issues in Judiciary, Banking, Commerce, Energy, Homeland Security, Housing, Science, Social Security and Telecommunications.

Stacie brings to the team extensive appropriations experience and a keen background in Homeland Security legislation, including border and port security, crisis management and civil liberties issues. She assisted the Committee on House Administration as an election observer for the 2006 Ohio recount process. Ms. Walters is a member of the American Council of Young Political Leaders and has participated in three democracy building exchanges with the governments of Egypt and Thailand.

She has clerked for the Honorable Robert Fussell in Federal Bankruptcy Court and was a law clerk for the home offices of Wal-Mart Stores, Inc. Ms. Walters graduated with a degree in Political Science and a Juris Doctorate from the University of Arkansas, Fayetteville.

Geoff Gleason, Consultant

Geoff Gleason currently serves as a senior government relations executive at The Livingston Group, L.L.C., and serves as the Director of the Health Care Practice Area. With twenty-five years of federal government experience, Geoff provides strategic legislative and government affairs counsel to a wide range of corporate and non-profit clients.

Having worked on Capitol Hill for twenty three years, Mr. Gleason has served in many positions including that of Legislative Assistant, Legislative Director and Chief of Staff. He also served as professional staff on the House Veterans Affairs Committee and as associate staff on both the House Appropriations Committee and House Rules Committee. For nine years, Mr. Gleason served as Chief of Staff to former Congressman Jerry Solomon (NY), Chairman of the House Rules Committee. In his final position on Capitol Hill, he served as Appropriations Associate to Congressman Frank Wolf (VA), Chairman of Subcommittee on Commerce, Justice and State.

Gregory James, Principal

Gregory James is a Principal Lobbyist for the Livingston Group LLC, serving in the International Relations, Energy and Environment, and Science, Technology and Telecommunications Practice Areas. Mr. James has worked on a wide range of issues and his skills include legal and legislative analysis, project management, writing and communications. Prior to joining TLG, Mr. James served for four years with Maryland Governor Robert L. Ehrlich, Jr. as a senior policy advisor and later as Chief of Staff for Maryland's social services agency, the Department of Human Resources. While working for the State of Maryland, Mr. James dealt with issues in the areas of health, education, environment, adult and juvenile justice, public safety, human services, disabilities, veterans' affairs, and economic development. Mr. James also spent six years working in the area of telecommunications and anti-trust law at Kellogg, Huber, Hansen, Todd & Evans, P.L.L.C. and LCC International, Inc. Mr. James graduated from the Marshall-Wythe School of Law at the College of William and Mary with a Juris Doctorate and from the University of Maryland with degrees in Government and Politics and Radio, Television and Film.

[Biographies for Additional Team Resources to be used on an as-needed basis.]