



House of Commons
Northern Ireland Affairs
Committee

**HM Government
support for UK victims
of IRA attacks that
used Gaddafi-supplied
Semtex and weapons:
follow-up**

Seventh Report of Session 2017–19

*Report, together with formal minutes relating
to the report*

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Northern Ireland Affairs Committee

The Northern Ireland Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Northern Ireland Office (but excluding individual cases and advice given by the Crown Solicitor); and other matters within the responsibilities of the Secretary of State for Northern Ireland (but excluding the expenditure, administration and policy of the Office of the Director of Public Prosecutions, Northern Ireland and the drafting of legislation by the Office of the Legislative Counsel).

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Summary

Successive governments have failed to adequately support victims of Gaddafi-sponsored IRA terrorism in the United Kingdom. This Government's continued inaction following the publication of our predecessor Committee's report is particularly disappointing. This report calls for a fresh approach to securing compensation for Gaddafi-sponsored IRA terrorism and shines a light on the circumstance surrounding Libya's frozen assets in the UK.

Whilst we support the recent announcement that the Government has appointed an individual tasked with assessing the level of compensation necessary for victims, we believe more action is required. In particular, the Government should empower this adviser to have a role in securing compensation for victims and engaging in direct government-to-government negotiations with the Libyan authorities.

Since our predecessor Committee's inquiry, we heard that the value of the frozen Libyan assets in the UK has grown to over £12 billion and the Treasury has informed us that they have issued licences allowing some of the value of these assets to be released and managed. This is a worrying trend, and it would be most unjust if these assets are released before compensation is secured. Evidence from the Government has also raised questions surrounding the taxable status of these assets. The Government must therefore release clear information on the taxable status of, and taxes collected from, Libya's frozen assets and outline whether the case has been considered for compensating victims from this.

Whilst the rhetoric of this Government has been supportive of the victims of Gaddafi-sponsored IRA terrorism, this is yet to translate into tangible progress in supporting and compensating those affected. This contrasts sharply with the actions of the governments of the United States, Germany and France who have secured compensation for victims. This government has a moral duty to act to support victims and to alleviate, as much as possible, the suffering of those affected by these horrific acts of violence.

1 Background

Libyan support for the Provisional IRA

1. The Gaddafi regime in Libya provided support for the Provisional IRA from the early 1970s to 1990s.¹ This support took the form of tonnes of arms and ammunitions, millions of dollars in finance, military training and explosives. Of this support, the regime's supply of Semtex was particularly devastating. Semtex is a highly powerful, malleable and almost undetectable plastic explosive. It is known that the regime supplied the Provisional IRA with several shipments of the material.

2. This supply facilitated a deadly Provisional IRA bombing campaign. On 8 November 1987 a Provisional IRA bomb using Semtex killed 11 people during a Remembrance Sunday ceremony in Enniskillen. Almost five years later, on 10 April 1992, a 45kg bomb using Semtex detonated outside the Baltic Exchange in the City of London, killing three people and injuring more than 90 others. On 20 March 1993, a bomb was detonated in Warrington, resulting in the death of two children: Tim Parry and Johnathan Ball. The Provisional IRA then broke its ceasefire on 9 February 1996 (which had lasted from 31 August 1994), when it detonated a bomb in the Docklands area of London. The attack killed two people and injured many more.

3. During the inquiry by our predecessor Committee, (HM Government support for UK victims of IRA attacks that used Gaddafi-supplied Semtex and weapons²), witnesses spoke about the human consequences of Gaddafi's support for the Provisional IRA.³ There can be no doubt that the support Gaddafi provided to the Provisional IRA contributed to its campaign of terror.

Previous and current UK Government policy

4. Victims of IRA attacks that used Gaddafi-supplied material have campaigned for financial support and compensation. Campaigners have argued that they should receive compensation from the Libyan Government and compare their treatment to that of victims from similar attacks in other countries who have received compensation from Libya. The US Administration negotiated a compensation package from the Libyan Government for the US victims of Gaddafi-sponsored terrorism. Similarly, the French and German governments secured compensation from the Gaddafi regime for terrorist acts against their citizens. The UK Government's position has stood in contrast to the policies of these countries. It maintains that the Government does not espouse "victims' claims against a state alleged to have sponsored a terrorist group's activity."⁴

5. The survivors and the families of those who were killed or injured in UK attacks have therefore received limited support from the UK Government. Whilst many victims

1 McCue and Partners ([LSX0021](#)) para 24

2 Northern Ireland Affairs Committee, [Fourth Report of Session 2016–17, HM Government support for UK victims of IRA attacks that used Gaddafi-supplied Semtex and weapons](#), HC 49

3 Oral evidence taken before the Northern Ireland Affairs Committee on 9 September 2015, HC (2015–16) 49, [Q1–92](#) [Matthew Jury and Jason McCue, McCue and Partners; William Frazer and Barrie Halliday, Families Acting for Innocent Relatives, Jonathan Ganesh, Docklands Victims Association; Kenny Donaldson and Aileen Quinton, Innocent Victims United]; [Q330–396](#) [Charles Arbuthnot, Susanne Dodd, Mina Jadeja and Pamela White]

4 The Rt Hon Alistair Burt MP, Minister of State for the Middle East and North Africa, [Letter to the Chair](#), 11 December 2018

have been eligible for a payment from either the Compensation Agency in Northern Ireland, or the Criminal Injuries Compensation Authority in Great Britain, many were not aware of their eligibility. In addition, the amounts distributed were modest, and a claim had to be made within two years of the incident.⁵ Furthermore, victims in Great Britain have struggled to access some support because health and welfare services have traditionally not been as tailored to victims of terrorism as they are in Northern Ireland. The Government response to our predecessor Committee's report described the role of the Foreign and Commonwealth Office (FCO) in supporting victims:

The Foreign and Commonwealth Office provides facilitation support to victims, their representatives and campaign groups, where it has been requested and is appropriate, to assist their efforts to engage with the Libyan authorities in pursuit of compensation.⁶

Victims argue that this is not nearly sufficient. Susanne Dodd, whose father Metropolitan Police Inspector Stephan Dodd was killed in the IRA Harrods bomb in 1983, stated that "The lack of UK government support has demeaned, demoralised and disgraced victims."⁷

6. Our predecessor Committee concluded that the Labour Government under Tony Blair's premiership missed a vital opportunity, during the period in which Libya was seeking a rapprochement with the West, to act on behalf of the IRA Semtex victims by placing the issue firmly on the negotiating table to secure a compensation package.⁸ The UK Government's position appeared to change in September 2009, when Former Prime Minister Gordon Brown announced the establishment of a dedicated unit in the FCO which would support the victims' families in their efforts to secure compensation from Libya. However, the Committee concluded that with the complete collapse of the Gaddafi regime in 2011, a window of opportunity, during which successive UK governments could have sought to resolve the issue, had closed.⁹

7. There was initially optimism that the 2010 Coalition Government would take a new approach to compensation for victims; Prime Minister David Cameron wrote to McCue and Partners, solicitors representing some victims, stating that:

I am extremely enthusiastic about what you are doing and really want to see it progress and come to fruition. If there is anything I can do to help make it happen, let me know.¹⁰

5 Northern Ireland Affairs Committee, Fourth Report of Session 2016–17, [HM Government support for UK victims of IRA attacks that used Gaddafi-supplied Semtex and weapons](#), HC 49, para 6

6 Northern Ireland Affairs Committee, [First Special Report of Session 2017–19, HM Government support for UK victims of IRA attacks that used Gaddafi-supplied Semtex and weapons: Government Response to the Committee's Fourth Report of Session 2016–17](#), HC 331, para 1

7 "Terror survivors 'are taking their own lives'", Newsletter, 12 February 2019

8 Northern Ireland Affairs Committee, Fourth Report of Session 2016–17, [HM Government support for UK victims of IRA attacks that used Gaddafi-supplied Semtex and weapons](#), HC 49, para 33

9 Northern Ireland Affairs Committee, Fourth Report of Session 2016–17, [HM Government support for UK victims of IRA attacks that used Gaddafi-supplied Semtex and weapons](#), HC 49, para 42

10 McCue and Partners ([LSX0021](#)), para 73–74

8. However, our predecessor Committee received evidence which suggested that little or no progress was made on the issue of compensation from 2010–2015.¹¹ The current Government has continued the policy of non-espousal for victims’ claims. We examine this policy in more detail in Chapter 2.

Previous work by the Committee

9. Our predecessor Committee’s report, published on 2 May 2017, found that:

- a) The UK Government should adopt a fresh approach to securing compensation for victims of Semtex bombing.
- b) Securing compensation from the Libyan Government could only be achieved through direct government-to-government negotiations. With sufficient determination, the UK Government should be able to reach an agreement.
- c) It would be preferable for the Libyan authorities to voluntarily agree a compensation package than for the UK Government to act unilaterally. In achieving this, frozen Libyan assets could still provide the Government with some leverage, which it can use in those negotiations whilst still abiding by the terms of the UN Resolutions.¹²
- d) If, by the end of 2017, it is apparent that the situation in Libya remains such that direct government-to-government negotiations on a compensation deal are not possible in the short to medium term, the UK Government should itself establish and finance a reparations fund ahead of the outcome of such negotiations. Such a fund would provide payments both to community projects, and individuals, whether as a one-off payment or as a pension. This would allow the UK Government to make progress on the job of establishing a list of eligible victims across the UK—a task that has the potential to further delay the payment of compensation, if it is not begun as soon as possible.¹³

10. This Committee received the Government Response to our predecessor’s report on 8 September 2017, following the general election on 8 June.¹⁴ We found it unacceptable and concluded that it would be deeply disappointing for victims.¹⁵ The response did not offer a new way forward for securing compensation and instead reiterated the Government’s existing position.

11 Northern Ireland Affairs Committee, Fourth Report of Session 2016–17, [HM Government support for UK victims of IRA attacks that used Gaddafi-supplied Semtex and weapons](#), HC 49, para 48; Oral evidence taken before the Northern Ireland Affairs Committee on 22 March 2016, HC (2015–16) 49, [Q116](#) [Jonathon Dart, former Deputy Head of the North Africa Department in the Foreign Office and Head of the Reconciliation Unit]

12 Frozen assets are assets (such as property or investments) that are owned by an individual or an organisation but cannot be sold or used in any way. Many of these assets were held by Gaddafi or Gaddafi’s inner circle but were frozen to prevent their theft or misuse during the Libyan Civil War. Libyan assets are frozen since 2011 by the UN Security Council resolution 1973 of 2011.

13 Northern Ireland Affairs Committee, Fourth Report of Session 2016–17, [HM Government support for UK victims of IRA attacks that used Gaddafi-supplied Semtex and weapons](#), HC 49, Conclusions and recommendations

14 Northern Ireland Affairs Committee, First Special Report of Session 2017–19, [HM Government support for UK victims of IRA attacks that used Gaddafi-supplied Semtex and weapons: Government Response to the Committee’s Fourth Report of Session 2016–17](#), HC 331

15 Northern Ireland Affairs Committee, [Committee finds Government response ‘unacceptable’](#), 15 September 2017

11. During the period following the report publication, we have continued to raise the issue of HM Government support for victims of IRA attacks that used Gaddafi-supplied Semtex and weapons. On 14 December 2017, the Chair led a debate in Westminster Hall.¹⁶ The Chair emphasised the importance of securing compensation before debates can begin about its distribution.¹⁷ We wrote to the Rt Hon. Alistair Burt MP, the former Minister of State for the Middle East on 5 October 2017, to express the Committee's disappointment with the Government Response, to clarify details of any recent meeting between the Secretary of State and relevant authorities in Libya, and to request the Minister provide the Committee with an update on progress.¹⁸ The Minister responded on 15 November 2017 and stated that he regularly raises the issue with Libyan authorities but reiterated the UK's long-standing position not to espouse the claims of victims.¹⁹ We again wrote to the Minister for an update on 19 April 2018.²⁰ The Minister replied on 9 May 2018 and provided an update to the Committee on his travel to Libya and regular contact with Libyan representatives.²¹

16 HC Deb, 14 December 2017, [col 240–260WH](#)

17 HC Deb, 14 December 2017, [col 256WH](#)

18 Dr Andrew Murrison MP, Chair, [Letter to the Rt Hon Alistair Burt MP, Minister of State for the Middle East and North Africa](#), 5 October 2017

19 The Rt Hon Alistair Burt MP, Minister of State for the Middle East and North Africa, [Letter to the Chair](#), 15 November 2017

20 Dr Andrew Murrison MP, Chair, [Letter to the Rt Hon Alistair Burt MP, Minister of State for the Middle East and North Africa](#), 19 April 2018

21 The Rt Hon Alistair Burt MP, Minister of State for the Middle East and North Africa, [Letter to the Chair](#), 9 May 2018

2 Securing compensation

12. The current UK Government's position remains largely the same as its predecessors. The former Minister of State for the Middle East and North Africa, the Rt Hon. Alistair Burt MP (the Minister), said that the UK would be more visibly proactive in the future, and that he would follow up with his Libyan counterparts.²² When the Minister later gave oral evidence to us, he said that he had sought to live up to this determination to be more proactive and listed his official engagements.²³ However, the Government's policy of non-espousal on behalf of victims means that very little has changed for victims.

13. Whilst members of the Government in Libya may now be more aware of the issue, there is little evidence to suggest that anything tangible has been achieved. There is no evidence, that we are aware of, of victims of IRA attacks that used Gaddafi supplied Semtex being successful in claiming compensation from Libyan authorities, despite the facilitation offered by the Foreign and Commonwealth Office.

14. The effect of this failure to secure compensation can have a significant impact on victims. Jonathon Ganesh, survivor of the 1996 Provisional IRA bomb attack at Canary Wharf, has stated that two members of the Docklands Victims Associations have taken their own lives and five others have tried to.²⁴ Whilst financial compensation can never undo the emotional trauma caused by the Provisional IRA bombing campaign, the money could compensate victims for lost earnings and help to pay for the care that some now require.²⁵

Negotiations for securing compensation

15. On 20 November 2017, the Minister and the Head of North Africa at the Foreign and Commonwealth Office and Department for International Development Joint Unit, Nicholas Williams, gave evidence to us. The Minister stated that the Government believes that "there is a historical responsibility of Libya to ensure compensation for those who were affected by the transfer of Semtex".²⁶ The Government therefore sees its principal role as pressing the case with the Libyan authorities. The Minister stated that:

Our position is one of support for and facilitation of contacts between victims and the relevant Libyan authorities in order that claims can ultimately be settled directly.²⁷

16. He added that the Government would support victims in seeking compensation from the Libyan authorities by constantly making the case to the Libyan Government of their

22 The Rt Hon Alistair Burt MP, Minister of State for the Middle East and North Africa, [Letter to the Chair](#), 15 November 2017

23 [Q1](#) [Rt Hon Alistair Burt MP, Minister of State for the Middle East and North Africa]

24 "[Call for research into scale of suicides caused by Troubles](#)", Newsletter, 12 January 2019

25 "[Docklands bombing survivors claim victims have committed suicide while waiting for compensation](#)", The Docklands and East London Advertiser, 16 February 2019

26 [Q29](#) [Rt Hon Alistair Burt MP, Minister of State for the Middle East and North Africa]

27 The Rt Hon Alistair Burt MP, Minister of State for the Middle East and North Africa, [Letter to the Chair](#), 24 December 2018

responsibility.²⁸ The Minister reiterated, however, that the Government will not enter into direct negotiations on behalf of victims.²⁹ Mr Williams said that “it is a longstanding position not formally to espouse those claims”.³⁰

17. The Minister later wrote to us, stating:

In the case of British victims of Qadhafi-sponsored IRA terrorism, it does not appear that all legal remedies have been exhausted, although we recognise that progress is extremely slow and understand the frustration that this has caused.³¹

The Minister added that “there is no precedent for HMG espousing victims’ claims against a state alleged to have sponsored a terrorist group’s activity”.³²

18. The reference made to legal remedies can be frustrating for victims. These remedies are expensive to pursue, as noted by evidence to our predecessor Committee’s inquiry.³³ These cases have also become increasingly difficult to make progress on since the Libyan Civil War, as there is no stable government to deal with and there are dangers posed with travel to Libya to engage with their legal system, which is also affected by the conflict.³⁴

19. The Government has consistently held that it is not its responsibility to secure compensation for victims of Libyan Semtex, and that victims should pursue cases with the Libyan authorities individually. This is an untenable policy position. To state that victims have not exhausted all legal remedies ignores the reality of the current political situation in Libya, with its chaotic and unstable governance arrangements. Time has already run out for many victims. *The Government must now enter into direct negotiations with the Libyan authorities to seek a compensation deal as soon as possible.*

The appointment of a special adviser

20. The exact number of victims of Gaddafi-sponsored IRA terrorism is unknown, as is the extent of their injuries. Our predecessor Committee recommended that the Government should establish a list of eligible victims in the UK.³⁵ The report acknowledged that the eligibility criteria needed to be carefully considered, and that this could ultimately impact on the number of victims included.³⁶ The number of victims that require compensation therefore varies according to the criteria used but campaigners suggest that there are

28 [Q32](#) [Rt Hon Alistair Burt MP, Minister of State for the Middle East and North Africa]

29 [Q30](#) [Rt Hon Alistair Burt MP, Minister of State for the Middle East and North Africa]

30 [Q31](#) [Nicholas Williams, Head of North Africa at the Foreign and Commonwealth Office and Department for International Development Joint Unit]

31 The Rt Hon Alistair Burt MP, Minister of State for the Middle East and North Africa, [Letter to the Chair](#), 11 December 2018

32 The Rt Hon Alistair Burt MP, Minister of State for the Middle East and North Africa, [Letter to the Chair](#), 11 December 2018

33 Margaret Sefton ([LSX0011](#)), para 2; Oral evidence taken by the Northern Ireland Affairs Committee on 9 September 2015, HC (2015–16) 49, [Q1](#) [Jason McCue, McCue and Partners]

34 McCue and Partners ([LSX0042](#)), para 36

35 Northern Ireland Affairs Committee, Fourth Report of Session 2016–17, [HM Government support for UK victims of IRA attacks that used Gaddafi-supplied Semtex and weapons](#), HC 49, Conclusions and recommendations

36 Northern Ireland Affairs Committee, Fourth Report of Session 2016–17, [HM Government support for UK victims of IRA attacks that used Gaddafi-supplied Semtex and weapons](#), HC 49, para 72

more than 3,000 survivors and family members who could be eligible.³⁷ From this list the Government could assess the level of compensation owed to each individual and family affected. It is vitally important that this list is comprehensive and includes all victims of Gaddafi sponsored terrorism. The Minister confirmed that the overall level of compensation owed to victims remains unknown.³⁸

21. The Committee therefore welcomed the announcement from Minister Burt on 24 December 2018 that the Government was considering appointing an independent assessor with a focus on assisting victims of Libyan-sponsored IRA terrorism.³⁹ This assessor is intended to evaluate the level of redress and the number of victims of Libyan-sponsored IRA terrorism that could potentially qualify for compensation and, ultimately, the precise amount of compensation that should be paid by the Libyan authorities.⁴⁰ The Minister advised that this position could be introduced to “ensure there is greater cross-government connection in terms of this particular issue”.⁴¹ The Minister later told us that Government officials have been asked to explore the terms of reference for such an appointment, and said their work would “be of value to victims”.⁴² It is important that this role, as with all work in this area, covers all victims of Gaddafi sponsored terrorism, including those affected by the supply of Semtex as well as weapons and training. The Minister made clear, however, that this individual would not espouse the claims of victims directly but would inform the Government’s approach and discussions with Libyan authorities. This role would therefore fall short of the special envoy role we had hoped to see, where the individual would negotiate directly with Libya for compensation.⁴³

22. We are pleased to see the appointment of William Shawcross to the role on 6 March.⁴⁴ Whilst the precise terms of reference for the appointment are still being finalised, the announcement confirms that Mr Shawcross will advise on the amount of compensation that should be sought.⁴⁵

23. Whilst we welcome the announcement of William Shawcross to begin the long overdue process of calculating the amount of compensation due to victims, this role should extend much further. The role could help ensure greater cross-government working as previously suggested by the Minister but should also negotiate to secure a compensation agreement. Once the amount of compensation has been calculated, the Special Adviser must also have a role in securing compensation, espousing the claims of victims directly with the Libyan Government. The Special Adviser should regularly report to the Committee on their work.

37 [“Gaddafi funded terror: Raid his fortune to help IRA victims”](#), The Express, 23 December 2018.

38 [Q89](#) [Rt Hon Alistair Burt MP, Minister of State for the Middle East and North Africa]

39 The Rt Hon Alistair Burt MP, Minister of State for the Middle East and North Africa, [Letter to the Chair](#), 24 December 2018

40 The Rt Hon Alistair Burt MP, Minister of State for the Middle East and North Africa, [Letter to the Chair](#), 24 December 2018

41 [Q21](#) [Rt Hon Alistair Burt MP, Minister of State for the Middle East and North Africa]

42 The Rt Hon Alistair Burt MP, Minister of State for the Middle East and North Africa, [Letter to the Chair](#), 24 December 2018

43 [Q21](#) [Kate Hoey MP]

44 “Foreign Secretary appoints Special Representative on UK victims of Qadhafi-sponsored IRA terrorism”, [Foreign and Commonwealth Office](#), 6 March 2019

45 “Foreign Secretary appoints Special Representative on UK victims of Qadhafi-sponsored IRA terrorism”, [Foreign and Commonwealth Office](#), 6 March 2019

3 Libya's frozen assets

24. The Head of North Africa at the Foreign and Commonwealth Office and Department for International Development Joint Unit, Mr Nicholas Williams, told us that the UK holds frozen Libyan assets exceeding £12 billion in value.⁴⁶ Frozen assets are assets (such as property or investments) that are owned by an individual or an organisation but cannot be sold or used in any way. Many of these assets were held by Gaddafi or Gaddafi's inner circle but were frozen to prevent their theft or misuse during the Libyan Civil War. Libyan assets have been frozen since 2011 by the United Nations Security Council (UNSC) resolution 1973 of 2011.⁴⁷ The EU's Libya sanctions regime was created in 2011 to reflect the UN Security Council sanctions.⁴⁸

25. These assets are now largely owned or controlled, directly or indirectly, by the Libyan Investment Authority (LIA), a government-managed sovereign wealth fund and holding company headquartered in Libya, and the Libyan Africa Investment Portfolio (LAIP), an international investment portfolio focused on strengthening the Libyan economy. These organisations requested the freezing of assets to combat the threat posed by individuals and entities who would otherwise have access to misappropriated state funds which could be used to threaten peace, stability and security. They are limited in what they can do with the assets, as they are unable to sell or redistribute them under the UNSC resolution. However, they can provide input into business management if the shares afford positions within an organisation. The United Nations Security Council has clarified that these assets remain frozen.⁴⁹

The taxable status of Libya's frozen assets

26. The Government has confirmed that it cannot touch the capital held, nor the interest raised, on the assets under their legal interpretation of the Security Council resolutions.⁵⁰ Furthermore, to access the assets could set a precedent and potentially open other assets to claims by victims. To access the Libyan assets in order to fund victims of IRA sponsored terrorism may therefore lead to calls from other victims' groups who were victims of other nations or organisations with assets frozen for these to be accessed.

27. The Department's evidence, however, raised uncertainty surrounding the taxable status of Libyan frozen assets.⁵¹ Under normal circumstances, assets are subject to Capital Gains Tax or other taxes when taxable income, capital gains or financial transactions are made. When asked about the taxable status of the Libyan assets, there was initially uncertainty about what tax liability might be attached.⁵² The Minister subsequently wrote to the Committee on 11 December 2018 stating that "designated persons are not exempt from tax as a consequence of having their assets frozen".⁵³

46 [Q40](#) [Rt Hon Alistair Burt MP, Minister of State for the Middle East and North Africa]

47 United Nations Security Council, [Resolution 1973](#), 17 March 2011

48 EU Sanctions, '[Libya](#)', accessed, 28 March 2019.

49 United Nations Security Council, '[Implementation Assistance Notice # 6](#)', 17 December 2018

50 [Q43-44](#) [Nicholas Williams, Head of North Africa at the Foreign and Commonwealth Office and Department for International Development Joint Unit]

51 [Q68](#) [Nicholas Williams, Head of North Africa at the Foreign and Commonwealth Office and Department for International Development Joint Unit]

52 [Q68](#) [Nicholas Williams, Head of North Africa at the Foreign and Commonwealth Office and Department for International Development Joint Unit]

53 The Rt Hon Alistair Burt MP, Minister of State for the Middle East and North Africa, [Letter to the Chair](#), 11 December 2018

28. Following this correspondence, the Chair wrote to the Chancellor of the Exchequer to clarify what form the frozen Libyan assets take and whether the Government has been receiving tax on any of the frozen Libyan assets.⁵⁴ The Committee requested to be informed of the total amount of tax taken by the Government from the designated persons or bodies holding Libyan assets, over the entire period assets have been frozen in the UK; and projections for the future tax liability on the Libyan assets over the next five years.⁵⁵

29. We received a response from John Glen MP, Economic Secretary to the Treasury, on 24 January 2019.⁵⁶ The letter outlined that the assets include cash, properties and securities but was not forthcoming about the specific form that they take.⁵⁷ The Economic Secretary wrote that:

Whether or not tax is paid on a particular frozen asset would depend on the nature of the asset and any relevant circumstances and transactions concerning that asset. Where taxable income or gains are made, in relation to frozen assets, a tax liability will arise, regardless of the assets' frozen status.⁵⁸

30. The Treasury refused to provide any information on the amount of tax received by the UK Government in respect of frozen Libyan assets, even when pressed. Mr Glen stated that:

HMRC's duty of taxpayer confidentiality means that it is unable to disclose detailed tax information about individuals and businesses.⁵⁹

31. The Committee continued to question the Government on this issue. The Chair responded to the Economic Secretary and sought confirmation on whether tax is being paid on any of the assets, what the total amount of tax that HMRC has received from these assets is and what amount it receives annually.⁶⁰

32. In response John Glen MP stated that, under section 18(1) of the Commissioners for Revenue and Customs Act 2005, HMRC is not able to release information on the amount of tax collected.⁶¹ We have written to the Office of Financial Sanctions Implementation to seek further information on this matter and to explore what options are available to the Committee.

33. We do not accept the argument that HMRC's duty of confidentiality means that this information cannot be released and the responses we received from the Treasury did not answer the points that we raised. We only wish to know, definitively, whether HMRC has collected tax on these assets, the aggregate total amount of any tax HMRC has received, and the amount it receives each year. We hope that the Office of Financial Sanctions Implementation will be able to provide more information on this issue.

54 The Rt Hon Philip Hammond MP, Chancellor of the Exchequer, [Letter to the Chair](#), 18 December 2018

55 The Rt Hon Philip Hammond MP, Chancellor of the Exchequer, [Letter to the Chair](#), 18 December 2018

56 John Glen MP, Economic Secretary to the Treasury, [Letter to the Chair](#), 24 January 2019

57 John Glen MP, Economic Secretary to the Treasury, [Letter to the Chair](#), 24 January 2019

58 John Glen MP, Economic Secretary to the Treasury, [Letter to the Chair](#), 24 January 2019

59 John Glen MP, Economic Secretary to the Treasury, [Letter to the Chair](#), 24 January 2019

60 Andrew Murrison MP, Chair, [Letter to John Glen MP, Economic Secretary to the Treasury](#), 24 January 2019

61 John Glen MP, Economic Secretary to the Treasury, [Letter to the Chair](#), 13 February 2019

The Government should release information on how much tax has been collected from Libya's frozen assets. If tax is being collected, then the Government must explain why this money is not being used to finance a victims' reparations fund.

Licences to release frozen assets

34. In November 2018, sections of the media reported that the Libyan Investment Authority had named the UK among five EU countries which do not view the dividends and interest on holdings as frozen under the UN sanctions. One article noted that a UK Treasury spokesperson declined to say whether the UK Government had released frozen funds.⁶²

35. During our evidence session, Mr Williams told us that, as far as he was aware, the Government had not released any interest on frozen assets.⁶³ The Minister later wrote to the Committee to explain the procedure for releasing assets clarifying that the Treasury did not release assets itself but could permit others to do so:

HM Treasury may grant permission for frozen funds to be released, by issuing a licence where relevant derogations apply, however a licence does not compel financial institutions to release funds and the decision to do so is theirs alone.⁶⁴

This did not answer the substantive question posed as to whether the Treasury has ever released funds or the interest or dividends accrued thereon.

36. The Treasury later confirmed that, in contrast to Mr Williams' comments, several licences had, in fact, been issued:

I can confirm that HM Treasury issued 15 licences to deal with Libyan frozen assets or to make funds or economic resources available to designated persons for specific purposes between April 2017 and March 2018.⁶⁵

The information provided by the Treasury, however, also did not address several substantive points that we raised. The individuals or organisations to whom licences are issued remains unknown, with the Treasury citing data protection principles as the reason not to release the information.⁶⁶ Furthermore, the Government has not disclosed whether those financial institutions have acted upon those licences and released funds.

37. We received contradictory information from the Government on the issuing of licences and we have subsequently learned that licences have been issued. This alone illustrates the need for an individual tasked with ensuring greater cross-government working in this area. The issuing of licences releasing the interest or revenue from frozen Libyan assets is a worrying trend, it is clear that these assets are being more actively managed than previously thought. It will be most unjust if all Libyan frozen assets are issued such licences and therefore released before a compensation package is

62 "Libya fund: 5 EU countries think Gaddafi account interest not frozen", Politico, 16 November 2018

63 Q12 [Nicholas Williams, Head of North Africa, Foreign and Commonwealth Office and Department for International Development Joint Unit]

64 The Rt Hon Alistair Burt MP, Minister of State for the Middle East and North Africa, [Letter to the Chair](#), 11 December 2018

65 John Glen MP, Economic Secretary to the Treasury, [Letter to the Chair](#), 24 January 2019

66 John Glen MP, Economic Secretary to the Treasury, [Letter to the Chair](#), 24 January 2019

agreed for victims of Libyan sponsored IRA terrorism. *The Government should release as much information as legally possible on who licences are issued to and whether these financial institutions have in fact released the funds. In the future, the Government should inform Parliament via a Written Statement when HM Treasury intends to issue a licence for any frozen Libyan assets to be released.*

Conclusion

38. Whilst the rhetoric of this Government has been supportive of the victims of Gaddafi-sponsored IRA terrorism, this is yet to translate into tangible progress in supporting and compensating those affected. This contrasts sharply with the actions of the governments of the United States, Germany and France who have secured compensation for victims. During our predecessors' inquiry, witnesses spoke of the terrible human consequences of Gaddafi's support and the suffering victims still endure. Many victims have died and will never receive the compensation they deserve. Compensation cannot undo the damage caused by Gaddafi's support, but it could help to alleviate the suffering of victims. The Government has a moral duty to act to support these individuals.

39. We welcome Government action in appointing an individual to assess the level of compensation necessary for victims. However, the Government can do much more, namely empowering the adviser to have a role in securing compensation for victims and engaging in direct government-to-government negotiations with the Libyan authorities. The Government should also release clear information on the taxable status of, and taxes collected from, Libya's frozen assets and outline whether the case has been considered for compensating victims from this. The information requested on licences issued for accessing frozen Libyan assets should also be made publicly available, and the House should be notified when they are issued. The Government should carefully consider decisions to issue licences in the future when linked to compensation for victims.

Conclusions and recommendations

Securing compensation

1. The Government has consistently held that it is not its responsibility to secure compensation for victims of Libyan Semtex, and that victims should pursue cases with the Libyan authorities individually. This is an untenable policy position. To state that victims have not exhausted all legal remedies ignores the reality of the current political situation in Libya, with its chaotic and unstable governance arrangements. Time has already run out for many victims. *The Government must now enter into direct negotiations with the Libyan authorities to seek a compensation deal as soon as possible.* (Paragraph 19)
2. Whilst we welcome the announcement of William Shawcross to begin the long overdue process of calculating the amount of compensation due to victims, this role should extend much further. The role could help ensure greater cross-government working as previously suggested by the Minister but should also negotiate to secure a compensation agreement. Once the amount of compensation has been calculated, the Special Adviser must also have a role in securing compensation, espousing the claims of victims directly with the Libyan Government. *Once the amount of compensation has been calculated, the Special Adviser must also have a role in securing compensation, espousing the claims of victims directly with the Libyan Government. The Special Adviser should regularly report to the Committee on their work.* (Paragraph 23)

Libya's frozen assets

3. We do not accept the argument that HMRC's duty of confidentiality means that this information cannot be released and the responses we received from the Treasury did not answer the points that we raised. We only wish to know, definitively, whether HMRC has collected tax on these assets, the aggregate total amount of any tax HMRC has received, and the amount it receives each year. We hope that the Office of Financial Sanctions Implementation will be able to provide more information on this issue. *The Government should release information on how much tax has been collected from Libya's frozen assets. If tax is being collected, then the Government must explain why this money is not being used to finance a victims' reparations fund.* (Paragraph 33)
4. We received contradictory information from the Government on the issuing of licences and we have subsequently learned that licences have been issued. This alone illustrates the need for an individual tasked with ensuring greater cross-government working in this area. The issuing of licences releasing the interest or revenue from frozen Libyan assets is a worrying trend, it is clear that these assets are being more actively managed than previously thought. It will be most unjust if all Libyan frozen assets are issued such licences and therefore released before a compensation package is agreed for victims of Libyan sponsored IRA terrorism. The Government should release as much information as legally possible on who licences are issued to and

whether these financial institutions have in fact released the funds. In the future, the Government should inform Parliament via a Written Statement when HM Treasury intends to issue a licence for any frozen Libyan assets to be released. (Paragraph 37)

Conclusion

5. Whilst the rhetoric of this Government has been supportive of the victims of Gaddafi-sponsored IRA terrorism, this is yet to translate into tangible progress in supporting and compensating those affected. This contrasts sharply with the actions of the governments of the United States, Germany and France who have secured compensation for victims. During our predecessors' inquiry, witnesses spoke of the terrible human consequences of Gaddafi's support and the suffering victims still endure. Many victims have died and will never receive the compensation they deserve. Compensation cannot undo the damage caused by Gaddafi's support, but it could help to alleviate the suffering of victims. The Government has a moral duty to act to support these individuals. (Paragraph 38)
6. We welcome Government action in appointing an individual to assess the level of compensation necessary for victims. However, the Government can do much more, namely empowering the adviser to have a role in securing compensation for victims and engaging in direct government-to-government negotiations with the Libyan authorities. The Government should also release clear information on the taxable status of, and taxes collected from, Libya's frozen assets and outline whether the case has been considered for compensating victims from this. The information requested on licences issued for accessing frozen Libyan assets should also be made publicly available, and the House should be notified when they are issued. The Government should carefully consider decisions to issue licences in the future when linked to compensation for victims. (Paragraph 39)

Formal minutes

Wednesday 3 April 2019

Members present:

Dr Andrew Murrison, in the Chair

Mr Gregory Campbell Kate Hoey

John Grogan Ian Paisley

Lady Hermon Jim Shannon

Draft Report (*HM Government support for UK victims of IRA attacks that used Gaddafi-supplied Semtex and weapons: follow-up*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 39 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Seventh Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Wednesday 24 April 2019 at 9.15am

Witnesses

The following witnesses gave evidence. The transcript can be viewed on the [inquiry publications page](#) of the Committee's website.

Tuesday 20 November 2018

The Rt Hon Alistair Burt MP, Minister of State for International Development and Minister of State for the Middle East at the Foreign & Commonwealth Office, and **Nicholas Williams**, Head of North Africa FCO/DFID Joint Unit

[Q1-119](#)

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website. The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2017–19

First Report	Bombardier	HC 533 (HC 960)
Second Report	The land border between Northern Ireland and Ireland	HC 329 (HC 1198)
Third Report	Devolution and democracy in Northern Ireland – dealing with the deficit	HC 613 (HC 1589)
Fourth Report	Brexit and Northern Ireland: fisheries	HC 878 (HC 1812)
Fifth Report	Brexit and Agriculture in Northern Ireland	HC 939 (HC 1847)
Sixth Report	The Northern Ireland backstop and the border: interim report	HC 1850
First Special Report	HM Government support for UK victims of IRA attacks that used Gaddafi-supplied Semtex and weapons: Government Response to the Committee's Fourth Report of Session 2016–17	HC 331
Second Special Report	Electricity sector in Northern Ireland: Government Response to the Committee's Third Report of Session 2016–17	HC 921
Third Special Report	Bombardier: Government Response to the Committee's First Report	HC 960
Fourth Special Report	The land border between Northern Ireland and Ireland: Government Response to the Committee's Second Report	HC 1198
Fifth Special Report	Devolution and democracy in Northern Ireland – dealing with the deficit: Government Response to the Committee's Third Report	HC 1589
Sixth Special Report	Brexit and Northern Ireland: fisheries: Government Response to the Committee's Fourth Report	HC 1812
Seventh Special Report	Brexit and Agriculture in Northern Ireland: Government Response to the Committee's Fifth Report	HC 1847