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### Italy and new Libya between continuity and change<sup>(\*)</sup>

Italy and Qadhafi's Libya have enjoyed a privileged relationship for the last forty years. Trade relations have survived even the most acute political controversies. Libya plays an irreplaceable role in Italy's energy policy, not only because of the amount of oil imported, but also because of the exceptional quality of Libyan crude oil imports and the geographic proximity that makes access to resources easier – a variable that has become even more important in the last decade as a result of Italy's interest in Libyan natural gas. In 2010 Libya was Italy's biggest oil supplier and its third biggest natural gas supplier. Almost 10 billion cubic metres of natural gas, mainly used to generate electricity, annually arrive in Italy through the Greenstream underwater pipeline laid by the Italian energy giant, ENI.

While Italy needed Libyan oil and gas, the regime in Tripoli needed Italy, above all as a fundamental contributor to the stability of the *rentier state*, essentially based on the redistribution of oil income<sup>1</sup>. Italy

was the main importer of Libyan oil and the income gained from it enabled Qadhafi to distribute it among the population, creating civil service jobs, pursuing a policy of state-controlled prices and setting up a system of subsidies for primary goods. But Italy, with its know-how, was also needed to support Libya's capacity both to extract the oil that provided that income, and to bring into being the process of redistribution, which took place through the construction by Italian companies of civilian structures and the importation of primary goods and finished products.

During the '80s and the '90s Italy remained Libya's only real Western reference point, reinforcing its complementary function in the Libyan economy. In Libya, Italian companies built civilian infrastructures and supplied primary goods and finished products to population.

Thanks to Libya's abundant financial resources, Italian

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lar, H. BEBLAWI, *The Rentier State in the Arab World*, in G. LUCIANI, *The Arab State*, London, 1990, pp. 85-98.

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<sup>1</sup> On the concept of the "rentier state", see the work by H. BEBLAWI - G. LUCIANI, in particu-

No. 219 - JUNE 2012

### Abstract

Italian government, as other European countries, was surprised by the first upheavals of Arab Spring. Italy and Libya have enjoyed a privileged relationship for the last forty years. After the decision of military intervention, preoccupied by the risk of geopolitical marginalization, Italy gradually started to adopt a bandwagoning policy. Libya's present difficult transition maybe provides a new opportunity for Europe to be a key players in the country. Italy would profit from greater involvement in the stabilization of the country.

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(\*) The opinions expressed herein are strictly personal and do not necessarily reflect the position of ISPI.

companies have won important contracts and Italy has consolidated its role. In 2008 a number of favourable conditions allowed Italy and Libya to bring the political dispute on colonial past to an end with the Treaty of Friendship, turning over a new leaf and reinvigorating bilateral relations. The most important condition was Libya's full reintegration into the international community after the sanctions imposed by the UN and the US were revoked and US-Libyan diplomatic relations completely re-established<sup>2</sup>. This normalisation of international relations, to which Italy contributed significantly, strengthened the regime, allowing it to relaunch its oil industry and reinforce relations, above all economic relations, with various European countries.

The Treaty of Friendship, signed on the 31st of August 2008, between Prime Minister Silvio Berlusconi and Libyan leader Muammar Qadhafi, paved the way for more stable co-operation between the two countries, especially in sectors of more recent interest such as immigration. International polemics followed the Treaty, centred mainly on the appropriateness of Berlusconi – Qadhafi tight connections'. These polemics, which appeared mainly in the British, US and French press, highlighted the fact that relations

with Tripoli had developed in a complex framework that had to take account of national interests as well as international concerns<sup>3</sup>.

In this respect, Italy's bilateral relations with Libya in recent years have revived one of the most historically typical characteristics of Italian foreign policy and rhetoric: even the most controversial bilateral relations are justified in multilateral fora as being "bridges" between the institutions in which Italy is a member and the others. They are not, therefore, vindicated in terms of freedom of action, but are basically seen as a way of directly strengthening Italy's influence with the more important ally thanks to the offer of privileged relations with other partners. At the same time, they aimed at preserving the stability of the Libyan regime perceived as a fundamental partner for Italy<sup>4</sup>. But this pol-

<sup>3</sup> For example, in September 2009, US ambassador in Rome, David Thorne, expressed his discomfort with Italy's «close relations with Libya». But this has not kept Italy from encouraging the United States to enter into dialogue with Libya with extemporaneous initiatives, which is what the meeting between Obama and Gadhafi at the L'Aquila G8 summit appeared to be. M. CAPRARA, *L'ambasciatore Usa avverte l'Italia "Dipendenza energetica, un rischio"*, in «Corriere della Sera», 16 September 2009.

<sup>4</sup> G. BONVICINI - A. COLOMBO (Eds.), *La politica estera dell'Italia*, IAI-ISPI, Bologna, 2010, pp. 17-20. In the past, this policy has been followed several times: the attempts to mediate between Reagan and Qadhafi in the eighties, the Italian contribution in the various attempts to thwart coups against the regime, Italian struggle for the removal of international sanctions have always been in-

icy was going on not with strategic vision but with extemporaneous initiatives, which is what the meeting between Obama and Qadhafi at the L'Aquila G8 summit appeared to be<sup>5</sup>.

### Italy and Libyan crisis: from rhetoric of *status quo* to bandwagoning

Italian government was surprised by the first upheavals of Arab Spring between December 2010 and January 2011 in Tunisia and Algeria. The then-Minister of Foreign Affairs, Franco Frattini, and the Prime Minister, Silvio Berlusconi, looked at the riots with the old perspectives of Islamic fundamentalism and international terrorism. Indeed, on January 17 Frattini told the press that the first priority for Western countries was the prevention of fundamentalism and terrorism; and, thanks to the high level of inclusion of civilians inside the political process and system, Qadhafi's Libya was a model to pursue for countries in the Middle East North Africa (MENA) area<sup>6</sup>.

On the eve of Egyptian riots, Italy continued to underestimate the regional dimension of protests and their international implications. The main goal was to support the status

tended to preserve the stability of the Libyan regime.

<sup>5</sup> A. VARVELLI, *Italy and Libya: Renewing a Special Relationship*, in «The International Spectator: Italian Journal of International Affairs», vol. 45, no. 3, 2010, pp. 117-130.

<sup>6</sup> M. CAPRARA, *Frattini: «Arginare il fondamentalismo. È questa la priorità dell'Europa»*, in «Corriere della Sera», 17 January 2011.

<sup>2</sup> Important steps to the rapprochement between the U.S. and Libya were taken by Qadhafi when he collaborated in the war on terrorism after the September 11, 2001; and when he gave up the nuclear and chemical weapons' programs in 2003.

quo and, consequently, the existing dictatorial regimes. As the US rhetoric about human rights and self-determination grew up and Hosni Mubarak was thrown out on February 11, also Rome had to change its attitude towards protests. How to combine freedom and democratic values, the stability of the area and national interests, such as avoiding illegal immigration from MENA, became the primary target for the Italian government.

When the Libyan crisis erupted, Berlusconi and Frattini initially thought they could continue with business as usual, opting for a “wait and see” approach, possibly expecting Qadhafi to re-establish quickly his grip on power<sup>7</sup>. On the international stage, Rome proposed itself as privileged European partner of Libya, especially informing United States about the developments of the situation. This trend was clearly unsustainable when Libyan military and politicians, above all the Ministries of Interior (Younis) and Justice (Abdel-Jalil), began to defect Armed Forces and Qadhafi’s government. Italian misjudgement was challenged further on when rebels formed the National Transitional Council (NTC), as an alternative to the existing regime. Rome had to choose a player to support<sup>8</sup>.

<sup>7</sup> *Libia, la repressione fa più di 100 morti. Berlusconi: Non disturbo Gheddafi*, in «La Repubblica», 19 February 2011.

<sup>8</sup> K. MEZRAN, *La rivolta*, in K. MEZRAN - A. VARVELLI, *Libia. Fine o rinascita di una nazione?*, Donzelli ed. Roma, 2012.

Qadhafi was the first option. This choice revealed itself in opposition to the calculus made in Washington, Paris and London. Berlusconi and his inner circle tried to mediate while seeking to maintain the longstanding relationship with Tripoli alongside the traditional solidarity with EU partners and NATO allies. But that effort proved very difficult. French activism against Qadhafi, backed by Britain and US attitudes, put Italy in a harsh position<sup>9</sup>. The weak mediation proposals of Rome calling for a peaceful conciliation between Libyan regime and rebels, without any external interferences, collapsed when Nicolas Sarkozy declared that Qadhafi must leave the power and requested the International Criminal Court to intervene<sup>10</sup>.

To European partners, Italian position looked like a nonsensical defense of the dictatorship<sup>11</sup>. Therefore Rome, pushed by the public opinion too, was forced to mutate its initial approach, thus opting for a reactive one. The first measure taken was the suspension of the Treaty of Friendship on February 26. The President of the Republic of Italy, Giorgio Napolitano,

<sup>9</sup> R. SANTINI - A. VARVELLI, *The Libyan Crisis Seen from European Capitals*, Brookings Institutions, June 2011. <http://www.brookings.edu/research/papers/2011/06/01-libya-santini>.

<sup>10</sup> All Voices, *France claims the departure of Muammar Gaddafi*, 25 February 2011, <http://www.allvoices.com/contributed-news/8306074-france-claims-the-departure-of-muammar-gaddafi>.

<sup>11</sup> *L’ira della Ue contro la Farnesina “Non può difendere un dittatore”* in «La Repubblica», 22 February 2011 (online).

contributed to shift the position of Rome towards a more intervening one with the speech at the UN Human Rights Council on March, 4. The next day, Frattini affirmed that naval and air bases on the Italian soil were available just for eventual humanitarian operations. On rumours concerning the imposition of a no-fly-zone over Libya, the Minister declared that it could be possible only with a clear UN mandate.

Preoccupied by the risk of geopolitical marginalization, underlining Rome’s traditional preoccupation about its “ranking” rather than its actual role, Italy gradually started to adopt a *bandwagoning* policy. At this point, by distancing itself from the Libyan dictator only after all the other Western allies had taken sides against him, Italian government lost its leverage with the Libyan opposition and effectively abdicated from its potential role as international mediator. Last hopes for a mediation role were ultimately made impossible by the approval of UN Security Council Resolution 1973 (17 March), which allowed the imposition of any necessary measures to protect civilians. Meanwhile, Frattini assured Hillary Clinton, US Secretary of State, that Italy would have avoided to participate in any military operation, particularly bombings, due to its colonial past in Libya. However, he confirmed the availability of seven Italian bases for the allies to apply the no-fly-zone<sup>12</sup>.

<sup>12</sup> *Clinton credited with key role in success of NATO airstrikes, Libyan*

### NATO involvement and Italy's recovering position

Once that the coalition of the willing was formed by France, Great Britain, United States and Arab countries, and the first bombings struck Qadhafi's Armed Forces, Italy was forced to evolve once again its attitude. The ghost of isolation disclosed itself twice when Italy was excluded from a conference call on Libya's future by US, France, Britain and Germany. Napolitano implicitly called the government for a greater involvement in order to defend human rights and dignity; in other words, he invoked the responsibility to protect. Subsequently, the Italian Parliament approved two resolutions which affirmed that the country should have participated actively in the application of UN Resolution 1973 side-by-side the other involved countries and the international organizations. Government had no choice and decided that there was no possibility of going "back to the future" for its Libyan policies. Given the uncertain situation in Libya, the Italian Government took action to protect its strategic interests as best it could and finally Rome went to war with Qadhafi.

Shoulder to shoulder with United States and Britain, and in opposition to France, Italy tried to involve NATO in the action. Thanks to a determined and coordinated diplomatic initiative, by the end of March NATO took the overall command of operations. The

main goal of Rome then became to contribute substantially to political and military activities in order to gain, as payoff, equal opportunities in the crisis management<sup>13</sup>. Italy abandoned the reluctance about participating directly in bombing Libya. On April, pushed by US pressures and trying to stop French activism in its "courthouse", Rome announced its full involvement in NATO operation *Unified Protector*<sup>14</sup>. Meanwhile, the government recognized the NTC as legitimate representative of Libyan people.

With a reinvigorated will, Italy tried to regain its "special relationship" with Libya by definitely adopting a perspective of regime change. Strengthening political, economic and military links with NTC were just the first steps. Competing with Paris was the biggest problem. Rome sent on the ground military advisors and mentors to train rebels, following in France's wake. The Italian proposal of a creation of a trust fund to economically help the interim government was very appreciated by rebels representatives. Diplomatically, agreements and memorandum of understanding have been signed by Italy and NTC since May. But French-Italian rivalry never disappeared, projecting a shadow upon the future of the "special relationship" between Rome and Tripoli.

### The instability of new Libya: the challenges for Rome

After the breakdown of the regime and the death of Qadhafi, NTC leaders were to please all their potential future partners because of the enormous economic, social and political challenges they will face. The risk of a protracted instability of Libya could have serious consequences for Italy, first of all about illegal immigration and energy supply. The new Italian government has noticed that it trusts the work of new Libyan Prime Minister, Al-Keib. On January, 21 Prime Minister Mario Monti, accompanied by the Foreign and Defense Ministries, Giulio Terzi and Giampaolo Di Paola, visited Tripoli. The rhetoric of both governments seems to be very different from the past. The Libyan-Italian joint declaration affirmed that the two countries have mutual interests in strengthening the "friendship" on bilateral and multilateral basis, in accordance to the principles of "glorious Revolution". More pragmatically, a closer cooperation was established on military and medical areas: e.g. Italy prolonged mentoring and training activities for Libyan security forces. No explicit references have been made to the Treaty of Friendship.

Today, despite the regime's breakdown, the death of Muammar Qadhafi, and the scheduled elections in June, there remains a concrete possibility that a pacific transition to democracy will fall down. Protracted instability of the country could have serious consequences not only

<sup>13</sup> A. CERRETELLI, *Compromesso sulla Nato*, in «Il Sole 24 Ore», 23 March 2011, p. 2.

<sup>14</sup> Italian Government, "Libia: colloquio telefonico Obama-Berlusconi", 25 April 2011.

rebels, in «Washington Post», 31 October 2011.

for the South Mediterranean region but also for European countries and Italy in particular. The need for a national reconciliation process in Libya, the creation of new institutions, and a renewed balance between the various power components requires a major effort and commitment to “state building” by both domestic and international actors.

This mission is by no means easy to accomplish. Several cleavages and internal confrontations between different centers of powers can be outlined. There are some “centrifugal” forces, while others are “centripetal”. The former are the militias, the numerous political parties and the regional groups claiming autonomy from Tripoli<sup>15</sup>. The latter are the central authority, Islam<sup>16</sup>, and the *rentier state* aspect.

The most important of the centrifugal forces are the militias, a result of the old tribal membership. Most of these militias, which took part in the struggle against the regime, are geographically rooted, identified with specific neighbourhoods, towns and cities – such as Zintan and Misrata – rather than joined by ideology or ethnicity; they seldom possess a clear political agenda beyond securing their area. This peculiarity implies the emergence of several micro-power groups

with limited territorial control, but they are making unified administration of the country very complex<sup>17</sup>.

These groups seem to be reluctant to recognize the central authority of the NTC without first negotiating their peaceful participation in the management of power in the country. They are competing with each other and they want to have guarantees before they lay down their arms<sup>18</sup>.

A further problem is the central authority's legitimacy: weak domestic legitimacy compensated by strong external legitimacy. Many European countries, the United States and Turkey have made official visits and given support to the NTC. But the latter is increasingly in trouble, forced between the needs of its international protectors and local factions' various requests for participation in the management of power.

Therefore, what is needed is not simply the re-construction of political, social, legal and economic institutions in Libya, but the establishment of a real rule of law and all the legal mechanisms – mutual obligations and checks-and-balances – that distinguish a modern state. However, Libya is a “rentier state” and will probably remain such in the future. Rentier states (or distributive states) create a specific social contract between

citizens and rulers. In productive economies, taxation generally requires the implicit acceptance of those being taxed, linking the process to legitimacy and, ultimately, to some form of political contestation. In distributive states taxation is superfluous and there are no formal representations – this is the reverse of the “no taxation without representation” principle that contributes to state formation dynamics in Europe<sup>19</sup>. In distributive states, the state's economic role encourages wealth-for-power trading. Given Libya's accessibility of energy resources, it is sure that its new rulers – whoever they are – will pursue the same social pact. In late February, the NTC issued a law to redistribute 2,000 dinars (roughly 1,200 euro) to every Libyan family to celebrate the anniversary of the revolution, with an additional 200 euro to every member of the family who is not married<sup>20</sup>.

The future shape of Libya will reflect the combination of rentier state peculiarities and historical cleavages of its society. The wealth of the country, coupled with conflicting individual European interests – the rivalry between France and Italy was evident, could exacerbate the competition between different power groups, complicating the situation further. Anyway, central authority could be strengthened by next June's elections, if they are credible.

<sup>15</sup> *In eastern Libya, a push for more autonomy from Tripoli*, Reuters, 5 March, 2012.

<sup>16</sup> On Islam role in Libya, see Y.M. SAWANI, *Post-Qadhafi Libya: an interactive dynamics and political future*, in «Contemporary Arab Affairs», January 2012.

<sup>17</sup> *Disarming Libya's Militias*, Carnegie Endowment for International Peace, 16 February 2012

<sup>18</sup> J. PECK - B. BARFI, *In War's Wake. The Struggle for Post-Qadhafi Libya*, The Washington Institute for Near East Policy, Policy Focus 118, February 2012; *Disarming Libya's Militias...* cit.

<sup>19</sup> D.J. VANDEWALLE, *Libya Since Independence: Oil and State-Building*, 1998.

<sup>20</sup> National Transitional Council (NTC), Law n. 10, 2012.

### Italy's policy options

If the Libyan crisis provided the EU with an opportunity to verify itself as a "global player", this opportunity was largely lost. The EU remained silent when the protests in eastern Libya erupted in mid-February 2011, but the UK and France quickly asserted themselves as the revolution's protagonists. They pushed the US to intervene with a no-fly zone despite EU foreign policy chief Catherine Ashton's initial objections, vocal opposition from the Italian and German governments and criticism by other NATO members, especially Turkey, as already outlined.

But Libya's present instability and difficult transition maybe provides a new opportunity. What margin for manoeuvre does the EU (and Italy) have today? Is it possible to stabilize the country and to promote democracy in such a fragile rentier state? European players should weigh the need to not overly interfere in Libya's affairs against the obligation to not become overly complacent about the country's still-fragile future.

According to an article on Foreign Policy of Italian Foreign Minister Terzi, the Italian approach should be based on three main priorities. First, international community needs to be more determined in helping build a secure Libya. Second, it needs a more ambitious plan to invest in Libya's human capital. That means launching training and education programs in different areas, from state administration to economic management, from free media to democratic civil society. Third,

there needs to be «a medium-term strategy to integrate the new democratic Libya more closely with Euro-Atlantic institutions». As Libya consolidates its democratic institutions and rule of law, the European Union «should be ready to engage in negotiations for a new trade and association agreement». Likewise, Libya should be encouraged to join NATO's Mediterranean Dialogue<sup>21</sup>.

So, targeting these goals, Italian government could focus on the main urgency, the internal stability. It should be a priority for Italy to concentrate more on the so-called "centripetal" forces than on the "centrifugal" ones. Moreover, the European Union, sided by NATO allies, should be involved in delegitimizing local militias. Indeed, popular intolerance of their violence is increasingly widespread in Libya, but the central government has so far failed in communicating the strategic risks of their activities in some areas, such as the capital.

So, while awaiting the elections, the UN mission in Libya (UN Support Mission in Libya, UNSMIL) has to be empowered. Italy has an interest in pushing diplomatically towards this outcome. This mission is tasked to build national institutions and protect human rights, and it could potentially evolve into a peacekeeping mission if the situation deteriorates. Italy, sided by European partners and Arab countries, could call

for a new summit of the "Friends of Libya" group, which met several times during the civil war. Considering the Afghan and Iraqi lessons learned, and particularly the need for the state building process to remain in local authorities' hands, Italy would profit from greater involvement in the stabilization of the country. It is at risk indeed: Libya is on the brink of anarchy, a sort of protracted low-intensity conflict.

In the energy sector, it is unlikely that existing contracts will be modified soon. Certainly, it is foreseeable that there will be more competition on future contract opportunities. This could affect the gas sector, where an Italian supremacy still remains, as well as the oil sector, where the old Libyan partners could come back to negotiations over passing previous political-bureaucratic difficulties. Moreover, new competitors could enter this business. By the end of the civil war, Libya has reactivated its energy production faster than expected bringing it to higher levels than 2010, when was roughly 1.6 million per-day.

Today, there is a clear predominance of the Libyan technocrats over the management of some key sectors, like oil. Abdal Raman Ben Yezza has been appointed as Minister of Oil by the transitional government: he previously worked for LNOC, for the American consortium Oasis (which operates in Libya, too) and for ENI. This demonstrates that the NTC is determined to leave the oil sector in the hands of experts with important international

<sup>21</sup> G. TERZI Di SANT'AGATA, *Why Libya Matters*, in «Foreign Policy», May 2012. [http://www.foreignpolicy.com/articles/2012/05/22/why\\_libya\\_matters](http://www.foreignpolicy.com/articles/2012/05/22/why_libya_matters).

links, thus taking it away from political battles between factions. Hence the government seems to consider that strengthening relationships with international companies is a preliminary target for a larger exploitation of national resources.

In the long term a harsh issue could be the rise of new players with an ideological-radical view, in opposition to a pragmatic-realistic one. Given that maintaining strong linkages with foreign importers is a national interest priority for a rentier state like Libya, some doubts still persist on the political orientations of the future Libyan administration and the energy relations with the historical partners as Italy; indeed, it could exploit economy and energy policies in order to gain an easy and fast consensus among people<sup>22</sup>.

In conclusion, for these motivations, rather than starting detrimental competitions for a privileged position in Libya, Italy and the relevant European powers should focus on improving societal security and political stability by facilitating the dialogue between the different power groups. They also should improve the population's welfare by reacting wealth-redistribution mechanisms. European economic and energy interests should be pursued only after these priorities have been addressed.

<sup>22</sup> A. VARVELLI, *Le prospettive del settore energetico della nuova Libia e l'Italia*, in *La Primavera araba e gli scenari energetici: prospettive di policy per l'Italia*, Ricerca ISPI per il Ministero degli Affari Esteri, novembre 2011.

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Le pubblicazioni online dell'ISPI sono realizzate anche grazie al sostegno della Fondazione Cariplo.

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