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**U.S.-LIBYAN RELATIONS AFTER THE LOCKERBIE  
TRIAL: WHERE DO WE GO FROM HERE?**

Speaking Notes  
*by Roberto Aliboni*

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Relations between Italy and Libya have oscillated over time, though broadly in tune with trends in international relations with this country. Despite oscillations, however, relations have never ceased to be important for both Italy and Libya.

In July 1998, the two governments signed a Joint Declaration whereby Italy recognized its colonial responsibilities, in particular its duty to search for Libyan victims of the Italian colonial administration, to take care of them and their families, as well as to help Libyan authorities to clear Second World War Italian mines. In the same Declaration, the two governments agreed to set up an Italian-Libyan Joint Stock Company, owned by Libyan and Italian firms, with the task of undertaking joint development projects in Libya and transferring part of profits to a fund for the support of operations related to colonial victims and de-mining. The Joint Company was established on May 30, 1999. After this Declaration, Italian-Libyan relations have improved markedly and prospects now appear very good.

It must be noted that this improvement is taking place in the framework of broadly improving relations between Libya, the European Union and all the most important European countries.

What is the outlook after the verdict in Camp Zeist? Let's first consider the factors that shape Italian-Libyan relations, then, the Italian perspective on Libya and, finally, what lessons and policy prescriptions can be drawn from the Italian experience with Libya.

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Italy-Libya relations are affected by three principal factors:

1. a stable framework of good relations, stemming from a unique combination of historical, political and cultural perceptions:
  - Italian political forces consider Libya with interest and, more often than not, with sympathy;
  - Italy is not perceived by Libya as an intruding post-colonial power;
  - Italy is regarded by Libya as a helpful mentor or bridge-country in its relations with Europe and the Western world, in a political as well as cultural perspective.
2. a strong and likely growing mutual significance from the economic point of view:
  - Italy is Libya's first provider (22% of its total import; 12% from Germany; 9% from the UK; and 7% from France);
  - Libya has a considerable financial stake in Italy;
  - Italy is Libya's first client (41% of its total exports; 17% Germany as well as Spain; 5% Turkey);

- oil and, in perspective, gas are the engine of Italy-Libya economic relations.
3. In the Italian security perspective towards the South, Libya's regional role is regarded as a relevant factor for both regional stability and governance:
- Italy agrees with the concerns of Libya's Arab neighbors about the stability of this country, especially in relations to Islamism;
  - consequently, Italy, in combination with other European and Mediterranean countries, has always sought to include Libya in some regional or sub-regional coalition (the Arab Maghreb Union; the Five plus Five Group in the Western Mediterranean; the Euro-Mediterranean Partnership).

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As a consequence of this significant relationship, when it comes to Libya, Italy tends to privilege inclusion over coercion.

Does inclusion work?

Limits to inclusive policies are well known and recognized in Italy. The task of including Libya in the framework of international cooperation is limited by the extremely centralized and ideological character of the regime. In dealing with Libya, nothing is irreversible; shifts and changes in policy are, more often than not, only instrumental and tactical. Generally competent officials may be easily belied by last-minute changes by the regime. Only very few officials can make reliable decisions further to the supreme leader.

There have, however, been policy changes. Do these changes make Libya's regime more reliable? The changes undergone by Libyan policy in the 1990s (carefully listed by Deputy Assistant Secretary Ronald Neumann in his Nov. 1999 speech at the Middle East Institute) are, in themselves, neither sufficient nor insufficient. To understand their significance - in the Italian view - the reasons for such changes must be realistically appreciated.

These changes have occurred for three main reasons:

- because of the broad shift in the international balance of power generated by the end of East-West confrontation;
- because of sanctions;
- most importantly, because of the changes in the regional environment brought about by the peace process; in the new environment, Libya (and other countries) have been unable to behave as a rejectionist sponsor of terrorism.

Libya has reacted rationally to changes. It should not be overlooked, though, that the changes have occurred out of rationality, not out of conviction. The regime's basic political and ideological rationale has been forced to recede - it has not disappeared. For this reason, inclusion is limited in its effects. Still, Italy believes that inclusion can benefit from Libya's low profile and that this policy can be more fruitful than containment.

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In sum, what should be done? These points underscore Italian perspectives and experiences:

- ⇒ inclusion and coercion should not be regarded as mutually exclusive;
- ⇒ today, coercion seems to have delivered its possible results; to continue it could prove counterproductive;
- ⇒ results obtained so far in terms of changes in Libyan policies and behaviors should now be consolidated and developed by inclusive policies;
- ⇒ regional inclusive policies seem especially relevant because, basically, what has obliged Libya to modify its behavior - as tactical a significance this may have – has been the change in the regional environment (in this sense, the crisis affecting Arab-Israeli relations today may be very dangerous because it could trigger a rejectionist comeback, thus trivializing inclusive policies).

In terms of policy:

- ⇒ compensations should be requested of Libya, but not a declaration of involvement in terrorism;
- ⇒ sanctions should be replaced by a monitoring system based on some benchmark established by the Security Council;
- ⇒ the Europeans should assume the task of developing regional inclusive policies (in this sense, after the failure of including Libya in the Euro-Med Partnership, there are attempts at reviving the Five plus Five Group in the Western Mediterranean);
- ⇒ these inclusive policies should pay attention to strengthening Libyan civil society and Libya's exposure to external stimuli; in fact, strengthening Libyan civil society is the only way to bring about a durable change at the core of the matter: the nature of the Libyan regime.