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Libya's Return to the Fold?


by Christopher Boucek

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Libyan leader Colonel Muammar Qadhafi's surprise announcement on 19 December to commit to "disclose and dismantle all weapons of mass destruction" has furthered speculation that Tripoli may soon be removed from the American list of state sponsors of terrorism.[1] Such a move would bring about an end to U.S. economic sanctions that have been in place in one form or another for the past 30 years. Since the September 11th terrorist attacks on New York and Washington, D.C., the Libyan regime has made significant and progressive steps to rejoin the international community. Tripoli's desire to emerge from international isolation and end its pariah status now stands at a critical juncture: Does Qadhafi mean what he says and will Washington reciprocate and normalize relations with Libya?

**What has Libya done?**

Despite much of the commentary and analysis of Qadhafi's latest move in the mass media, the announcement to renounce Libya's quest for WMD was not a reaction to the war in Iraq as much as it was a continuation of Tripoli's desire to return to the fold. The discussions with Tripoli, conducted through British and American "good offices," have been going on for the past several years. The 19 December announcement has been a component of Libyan policy to graduate from American sanctions that began well in advance of the start of Operation Iraqi Freedom. Furthermore, these discussions were conducted parallel to the Lockerbie negotiations held between the Washington, London, and Tripoli.[2]

Following the 2001 terror attacks, Libya was among the first nations to "express its condolences to Washington."[3] Colonel Qadhafi further condemned the attacks as "horrifying and destructive," justified American military action as an act of self-defense, called on Libyans to "donate blood" to support the relief efforts in the U.S., and "denounced the use of anthrax attacks as 'demonic.'"[4] While illustrative of the seismic geopolitical reorganization brought about by al-Qaeda's assault on the American homeland, Qadhafi's public demeanor of support to Washington stems largely from Tripoli's intense desire to normalize relations with Washington.

For Libya, positive relations with the United States not only equate to much needed American financial and technological investment; almost as importantly they translate into "the imprimatur of acceptance into the international community after years in the diplomatic wilderness."[5] Most significantly, an end to the U.S. sanctions would allow Libya to seek badly needed access to international financial organizations.

While Libya has of late played a constructive role in regional affairs and also participated in several international organizations — including the Arab League, the African Union, and the Community of Sahel-Saharan States (CEN-SAD) — American and other international sanctions have proved challenging.[6] For instance, Tripoli would be eager to see the EU arms embargo
lifted. Most significantly, an end to the U.S. sanctions would allow Libya to seek badly needed access to international financial organizations.

Unlike other states, Libya has not suffered complete international isolation. North Korea, for instance, has been on the receiving end of much harsher international restrictions and punitive measures; comparatively Tripoli has had a relatively free hand in its foreign policy. Nonetheless, U.S.-driven sanctions have carried a high price for Tripoli.

Towards that end, the Libyan government has cooperated with American intelligence agencies to "share what information it has on the activities"[7] of al-Qaeda, and also provided Washington with intelligence about "Libyan Islamist militants tied to al-Qaeda."[8] Libya, it is important to recall, has felt itself at war with al-Qaeda and its affiliates since at least the 1996 assassination attempt against Qadhafi by the militant Libyan Islamic Fighting Group[9] — a group designated by the U.S. government as a foreign terrorist organization.[10] Tripoli has maintained that the LIFG plot was inspired and financed by the al-Qaeda organization, and subsequently issued the first Interpol arrest warrant for Osama bin Laden.

**Challenges to Qadhafi's rule**

In recent years Qadhafi's rule has been challenged not only by the LIFG, but also by other Islamist organizations of varying strength. The Muslim Brotherhood and the Islamic Liberation Party have drawn the attention of some observers in part due to their ability to tap existing centers of discontent within Libyan society — in particular the deteriorating state of the economy, rising inflation, and sporadic shortages of basic goods. The Brotherhood's relative popularity in Libya is in large part due to its strengths witnessed elsewhere in the Arab world: solid social welfare programs and a strong anti-corruption stance help maintain the group's popularity.

Similar to the LIFG is the Islamic Martyrs' Movement, another indigenous militant Libyan Islamist organization.[11] Like the LIFG, the Islamic Martyrs' Movement has waged an ongoing low-intensity conflict with the regime. While little is publicly known, both organizations are believed to be composed of Libyan veterans of the Afghan campaign against the Soviet Union,[12] and receive funding and support through "private donations, various Islamic nongovernmental organizations, and criminal acts."[13] This fact can help explain Tripoli's desire to cooperate with Washington in the war on terror as Qadhafi identifies al-Qaeda and its affiliates as direct threats to his rule.

Despite these challenges to the current Libyan regime, it seems improbable that Qadhafi and his coterie would be removed from power in a violent Islamist overthrow. Most opponents inside Libya and abroad have been successfully silenced. Some analysts forecast a post-Qadhafi Libya ruled in a marriage of convenience between the Islamists and the military.[14] One potential problem with the ascension of an Islamist government stems from the universal and absolutist worldview of such a system. Inevitably, the strict exclusiveness an Islamist regime may bring to Libya would likely run against the fabric of Libyan society; over 30 years of a repressive regime have exhausted much of the public. Such frictions would likely doom such a system before it had time to govern.

Equally, it remains unlikely that Qadhafi would seek to install one of his sons as an heir-apparent, à la Syria in 2000 or what seems to be transpiring in Egypt at the moment. Such a monarchical presidency is a remote possibility; however one of the sons, maybe al-Mu'tassism, may step in temporarily to ensure continuity and bring together the country's power centers.[15] Perhaps the most likely development following Qadhafi's rule would be an administration that draws together the military, the state security apparatuses, the oligarchs, and ruling tribe.[16]

The first order of business in the post-Qadhafi era will be economic revitalization and reversal of years of financial mismanagement. As such, the emergence of Libya's oligarchs and technocrats
as a force within the new government is a definite possibility. Representative of Libya's significant economic potential, these constituencies have considerable motivations to liberalize the economy and achieve the stability that international investors desire. Additionally, it cannot be discounted that Libyan expatriates, exiles, and dissidents — both at home and abroad — would seize the opportunity presented by a post-Qadhafi era to advance their own agendas.

**Economic motivations**

It is important to note that Qadhafi's motivations to normalize Libyan behavior are not driven by good will alone. This policy is also very much a part of the regime's desire to reinvigorate Libya's economy, and end its pariah status. The Libyan economy has suffered under successive mismanagement and international sanctions. Tripoli boasts one of the highest per capita GDPs in Africa — approximately $6,200 in 2002 — and there is little reason why a Libya free from sanctions should not prosper. Its relatively small population of less than six million and the Libyan economy's reliance on foreign earnings from hydrocarbon exports should dispose a sanctions-free Libya hosting international investments to a relatively higher per capita GDP much more along the line of other traditional petro-economies.

Nonetheless, Qadhafi has squandered much money financing various revolutionary organizations and liberation movements around the world. These eccentric expenditures could have been put to much better use had they been reinvested in the Libyan economy, and have created unnecessary hardships on Libyan society. Compounded with the mismanagement and alleged misappropriations of state funds, Tripoli's economy needs the benefits of trade with the West in order to sustain itself and remain a competitive destination for international investment. Some economic reforms have been implemented but much more is needed. Many observers stress that true economic liberalization will take time, since it would be a reversal of decades of Libyan policy and rhetoric. These reforms, in the estimations of some analysts, currently seem to be some time off, at least under the government's current structure, and even then their success in turning around the Libyan economy is not without question.

**Benefits of relations with Libya: Oil**

Positive relations with Libya offer the United States several important benefits. First and foremost is access to the Libyan hydrocarbon market. According to the most recent figures (2001), Libyan oil exports were approximately 1.429 million barrels per day (bpd). Its proven oil reserves are believed to figure at 29.75 billion barrels, ranking Libyan reserves ninth in the world. Revenue from oil sales account for 99 percent of Libya's export earnings, or nearly eight billion dollars in 1995. The U.S. Department of Energy forecasts Libyan exports doubling within the next five years.

Libyan crude is highly sought after because of its high specific gravity and low sulfur content. This makes Libyan sweet crude especially lucrative in the production of "larger quantities of high-in-demand light fuels" and the corresponding low refining costs. Furthermore, Libyan crude is valued for its relative closeness to European consumers, which currently receive about 95 percent of all Libyan exports. The European market is arguably the most attractive for both consumers and producer. Nonetheless, for an administration in Washington seeking to diversify its energy sources, Libyan sweet crude is appealing for a several reasons: it's plentiful, cheap to refine, and would likely take significantly less time to reach American markets compared to oil originating in the Persian Gulf.

American oil companies such as Marathon and ConocoPhilips are "understood to still have extensive assets in Libya, which have been frozen since 1986." It has also been reported that American oil executives maintain contacts with Libyan industry officials, and have visited Libya on several occasions, sometimes in secret and "were treated as honored guests." There is little
doubt that these corporations would like to regain control of their assets, just as their competitors would like to enter what has been termed one of the greatest under-invested oil markets today.

Significantly for Libya, much of the energy infrastructure is based upon U.S. technology resulting from the prevalence of American firms during the country's oil discovery and initial extraction. As a result, the Libyan market "cannot modernize without the assistance of big U.S. oil companies." This serves as a benefit to American companies that may seek to return to the Libyan market in a post-sanctions era, as they would already have a competitive edge over their European rivals.

Notably, despite the years of hostility, sanctions, isolation, and acrimony, the Libyan government has held previously American-owned and operated oil facilities in trust, rather than turning them over to more eager international contenders. In fact, the Libyan government notes that "although American companies abandoned their oil fields after U.S. sanctions were imposed in 1986, the government has not sold their rights to European firms." This last fact demonstrates not only the desire of the regime in Tripoli to see American firms return, but is also indicative of the successes those businesses are likely to reap.

This said, Libyan oil reserves should not be overstated. Within the larger scheme of things, Libyan crude represents a relatively small percentage of the world's overall availability. Furthermore, the fact that it has been several years since a complete and modern survey of Tripoli's potential hydrocarbon resources has been completed by American firms further obfuscates the present realities. Libya may not offer a panacea for oil-hungry American consumers, however that downplays the manner in which the international oil market works: oil is essentially a 'fungible' commodity. That is, 'new' oil that comes on-line feeds into the international marketplace from which consumers draw. In this sense, Libyan crude can be of benefit.

It should also be noted that it will require a very significant investment before Libya's oil industry can come on-line and prove productive. It is estimated that over two and a half billion dollars would be required just to overhaul Libya's two largest refineries. Improving and upgrading the rest of Tripoli's oil infrastructure, while arguably beneficial to international energy companies, would necessitate similar large-scale investments. While oil companies, by their very nature, tend to invest in risky and uncertain markets, the possible payouts in the Libyan market may in fact make such financial layouts appear tempting on paper.

One last caveat to America investment in the Libyan oil industry is the question of how long U.S.-Libyan negotiations may last. In the oil business, of course, time is money. Some analyses argue that the previous "long, drawn-out bilateral negotiations" could be replaced by speedier licensing rounds and the offer of new exploration blocks in a post-U.S. sanctions environment. Nonetheless, skepticism remains, and some observers are cautiously wary of how the regime in Tripoli and Libya's National Oil Corporation will interact with international — specifically U.S. — oil firms following a normalization of relations.

Benefits of relations with Libya: A return to Wheelus AB?

An equally important benefit of renewed relations with Libya could come in the form of access to military basing rights such as at the former strategic U.S. facility known as Wheelus Air Base. Vacated in June 1970 by the United States after the September 1969 Libyan revolution, the renamed Uqba ben Nafi Air Base boasts huge operational facilities and a runway reported to be 10,500 feet in length. It has served as Libya's primary air force installation as well as a major training facility.

Access to such facilities would offer U.S. forces considerable power-projection in an area of the world identified by the Pentagon as one of rising strategic significance. Although prior to the
September revolution Wheelus and other North African bases were of decreasing military significance, their utility may be of greater importance considering new geopolitical realities.\[35\] The region stretching from Africa's west coast through the Middle East and Persian Gulf and into Central Asia has been labeled by the Pentagon as a part of the world in which U.S. forces may have to deploy in the future. This "arc of instability" is coming under the increased attention of U.S. military policy planners.\[36\] As part of the Defense Department's desire to relocate and reposition forces, places such as Hungary and Romania, as well as Mali and Djibouti, have been identified as cost efficient, strategically located, and positively inclined to host American forces.\[37\]

Renewed access to Libyan locales could offer American national security planners an attractive facility easily within reach of European-based forces, yet positioned to quickly deploy U.S. forces to future regional trouble spots such as the Gulf of Guinea and the Horn of Africa. Libyan-based forces could also be employed in support of maritime interdiction operations in the Mediterranean and Red Sea as such operations become increasingly commonplace.

The Wheelus/Uqba ben Nafi AB, for example, has been nearly completely enveloped by the surrounding city. This fact would contribute to its relative unattractiveness for U.S. policy planners; however plenty of other locations in Libya exist far from prying eyes — and possibly restive neighbors. Foreign military basing rights within Libya would also be a reversal of decades of recent policy and posture — especially while Colonel Qadhafi remains in power. This said, under a future government such arrangements may be negotiable. Perhaps the evolution of a new government would permit the discussion of such a sensitive issue.\[38\]

Moving beyond its terrorist past

In recent years, Libya has done much to move beyond its terrorist past. The reputation of a maintaining a 'revolutionary state' has cost Tripoli dearly and the regime has sought to moderate its behavior. The costs of defying the United States for the Libyan leadership have simply become too high to continue.\[39\]

The most significant developments in Libya's efforts to come to terms with its terrorist past have come from Tripoli's desire to finally put to rest once and for all the Lockerbie bombing issue. Tripoli has handed over Abd al-Basset Ali al-Megrahi and Al-Amin Khalifah Fhimah for trial for the 1988 bombing of Pan Am flight 103. Al-Megrahi — described as a Libyan intelligence agent — was convicted for his role in the bombing. On 15 August 2003, Libya accepted "responsibility for the actions of its officials" in the bombing in a letter to the UN Security Council.\[40\] The day the two suspects were handed over in 1999, UN sanctions were suspended; in September 2003 UN sanctions were finally removed from the books.\[41\] As a further attempt to put the Lockerbie issue in the past, the Libyan government has offered four million dollars compensation per victim of the bombing, and another six million dollars per victim after the end of U.S. sanctions on Libya.

Likewise, on 9 January Tripoli agreed to pay $170 million in compensation to the victims of the 1989 mid-air explosion of French airline flight UTA 772 over Niger. A French court found six Libyans guilty in absentia for their role in the attack in March, 1999, that killed 170 passengers, including the wife of the U.S. ambassador to Chad.

Libya has ended its support for terrorist groups, and expelled the notorious reactionary Palestinian terrorist Abu Nidal in 1997 after sheltering him and his organization for 10 years.\[42\] In 1999, Libya accepted 'general responsibility' for the murder of British police constable Yvonne Fletcher who was killed by a shot fired from within the Libyan People's Bureau in London and paid an undisclosed sum to Fletcher's family. The La Belle Discothèque bombing in West Berlin which killed two U.S. servicemen and a Turkish woman and wounded 229 has been settled in a German court, and recently Tripoli has been seen to moderate its involvement in Africa's
revolutionary struggles. According to the State Department, there have not been any credible reports of Libyan involvement in acts of state-sponsored terrorism since at least 1994.[43]

Assessment

Colonel Qadhafi has taken substantial steps to distance Tripoli from its former policies. There is little doubt among Libya watchers that this has been a concerted effort to end the U.S. sanctions. The recent steps to publicly abandon the quest for weapons of mass destruction are but the most recent measure.

Libya's WMD program has widely been believed to have consisted of primarily chemical warfare agents. These systems have been termed "very low quality weapons designs with poor fusing and lethality."[44] It was suspected that Libyan forces employed mustard gas in 1987 at the close of the war with Chad. Furthermore, since Libya is presumed to have ceased manufacturing CW agents, the regime's aging stockpiles are believed to have deteriorated during their prolonged storage.

Despite recent claims to the contrary, Libya did not have a biological warfare program of note. Although Tripoli was considered to be seeking long-range missile technology,[45] its nuclear program was in its infancy.[46] As a result, the disarmament announcement has been termed "a small and largely symbolic component" of a multi-year "trilateral dialogue with the U.S. and Britain over the terms of a political modus vivendi."[47] From a Libyan perspective, this was but yet another step to satisfy Washington's demands in exchange for Libya's removal from the list of state sponsors of terrorism.

It is important within the discussion of Libya's renunciation of WMD not to downplay its significance. This is a regime that has stymied Western interests, and long sought illicit weapons. The changes of course perceived in Tripoli's policy — regardless of the motivations — should be commended, and recognized for what they are: a triumph of international diplomacy. It goes without saying that the world is both safer and less at risk of proliferation as a result of this diplomatic breakthrough.

Relations between the United States and Libya now stand at a crossroads. As Western intelligence agencies and disarmament organizations verify Tripoli's renunciation of WMD, there exists an opportunity for an improvement in relations. Proof of Libya's forthcoming has been provided by recent transfers of sensitive nuclear-related material into US custody. At the end of January, a "U.S. military transport plane flew 550,000 pounds of nuclear-related equipment and material out of Libya to the U.S. The shipment was estimated to be just 5% of the nuclear equipment the U.S. plans to move out in coming weeks, but it included the most sensitive parts."[48] While this is just a beginning, this gesture can be taken as a significant step indicating Tripoli's sincere desire to return to the fold.

Upgrading Libya's status would demonstrate to other nations that it is possible to graduate from the list of state sponsors of terrorism, and may have the effect of encouraging other governments to cooperate with international arms control regimes. While it's doubtful that Qadhafi's decision will have much influence on Syria's Bashar al-Asad, it could demonstrate to Damascus that there is room for U.S.-Syrian relations to improve.

Moreover, close cooperation with Libyan authorities can benefit Western counter-terrorism efforts, as well as assist in unraveling the murky network of international proliferators. As has been the case since Tripoli began its cooperation with Washington, the Libyan regime can provide significant help in unraveling the international black market in nuclear material and know-how. Such cooperation can help shut down what has come to be known as the Pakistani connection. The establishment of diplomatic relations with Tripoli can do much to help end this illicit network,
and is a small price to pay for closing one of the single greatest proliferation networks in recent memory.

In spring 2000 a four-member U.S. consular delegation visited Libya. The travel restriction for U.S. citizens continues, justified on the grounds of security, not political reasons. Now, an increased U.S. presence in Tripoli is slated to participate in Libya's disarmament. While this is a meager beginning, it may also lay the groundwork for a limited American presence in Libya to work out the modalities of normalization. The Bush Administration's decision to engage in diplomatic discussion with the Libyans in London in February is a positive and welcome step in which to create a public forum where Washington can raise its other concerns vis-à-vis the regime in Tripoli. Once a productive dialogue is established, full normalization cannot be far behind — nor should it.

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References

7. Ibid.
9. The Council on Foreign Relations' online Terrorism Q&A: Libya reports an attempt on Qadhafi's life by the Libyan Islamic Fighting Group on 1998. Oftentimes confusing details regarding attempted assassination bids is reflective of the extremely guarded nature that such information is held by Libyan security sources.
11. For a detailed examination of these organizations and their challenges to Qadhafi's regime, see Ray Takeyh, "Qadhafi's Libya and the Prospect of Islamic Succession," Middle East Policy, 7, no. 2 (2000).
14. See Ray Takeyh, "Qadhafi's Libya and the Prospect of Islamic Succession," *Middle East Policy*, 7, no. 2 (2000). He writes, "The post-Qadhafi period is likely to be defined by an alliance between the Islamists and the military."
18. The following discussions are based in part upon the 2003 entry on Libya in the Central Intelligence Agency's World Fact Book, and as well as private discussions with the author.
20. Washington is prepared to ease the restrictions on American firms seeking to participate in the Libyan market if Tripoli continues to honor its disarmament pledges. This is exactly the measures Washington should be taking to moderate Libyan behavior while simultaneously advancing US interests. For further information, please see Carla Anne Robbins and Susan Warren, "U.S. Could Ease 18-Year Ban On Investments for Libyan Oil," *Wall Street Journal*, 2 February 2004.
23. Ibid.
28. Abu-Nasr, "Yesterday's Foe?"
31. Ibid.
33. For further information on Wheelus Air Base, see globalsecurity.org.
35. Based in part upon the analyses of senior Western observers, January 2004.
37. Jaffe, "Pentagon Prepares to Scatter Soldiers in Remote Corners."
38. This paragraph is based in part upon personal conversations and communications with knowledgeable analysts with the author, January 2004.
41. Personal communication with the author, January 2004.
42. Abu-Nasr, "Gadhafi seeks image makeover."
43. Council on Foreign Relations, Terrorism Q&A: Libya.
45. Personal communication with the author, January 2004. Tripoli's long range missile program was believed by some observers as the most advanced of its WMD program. Some analysts have claimed that Libya's nuclear program was much more advanced than Iran's and as such, December's announcement represents a significant coup. Based in part upon private conversations with the author, January 2004.