

Libya's Colonel Gadhaffi—from pariah to African "statesman"

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Colonel Muammar Gadhaffi, the Libyan leader, has undergone a significant transformation as the country emerges from seven years of United Nations' sanctions. Dubbed the “godfather of terrorism” by the US, he is now being hailed by the European imperialist powers as the new elder statesman of Africa. The rehabilitation of Gadhaffi has seen him acting as mediator in conflicts such as the Eritrean-Ethiopian war; the war in the Democratic Republic of the Congo (where the United Nations welcomed his role); the Sudan civil war and the war in Sierra Leone. He even offered to negotiate in the US-NATO war against Yugoslavia.

At the beginning of June this year, the Libyan leader received support from President Jacques Chirac, in an as yet unpublished diplomatic note on improving bilateral relations with France, for his efforts to secure peace and stability in Africa. Once the Organisation of African Unity voted to oppose UN sanctions in June 1998, it became almost a ritual for various African leaders to demonstrate support for Gadhaffi by flying their VIP planes into banned Libyan airspace to discuss “religious or African affairs”. This met with only minor rebukes from the UN and the US.

At the age of 27, Gadhaffi came to power in a military coup on September 1, 1969, ending the 18-year rule of King Idris. He went on to nationalise the mainly US-owned oil fields, providing the financial means to rapidly develop Libya's economy. Libya has the highest per capita income of any African country, and has no foreign debt. For example, its population of 5.6 million people and gross domestic product of \$23 billion compare favorably with Uganda (20.3 million people and only \$5.8 billion), or Kenya (27.8 million people and a GDP of \$8.7 billion). The Reagan administration in the United States established unilateral sanctions against Libya in 1986, citing alleged Libyan involvement in “international terrorism”, and targeted Gadhaffi personally in a bombing raid on his desert home that killed his adopted daughter that same year.

UN sanctions were imposed against the country in April 1992, after it refused to turn over two Libyan nationals,

accused of responsibility for the 1988 bombing of Pan Am Flight 103 over Lockerbie, Scotland. The sanctions were suspended on April 5 this year, when the United States, Britain and Libya agreed on the hand-over and conditions for the trial of the two men in the Netherlands.

The suspension of sanctions has opened a flood of political and business leaders into Libya. In early July 13 British Labour MPs were set to go to the Libyan capital, Tripoli, alongside a delegation of businessmen. Although the Department of Trade had given the green light for the visit, the Foreign Office called it off.

This was because Britain had broken off diplomatic relations 15 years ago, over the accusation that a gunman in the Libyan embassy had shot dead a British policewoman during a demonstration outside the building in 1984. Not wishing to lose the lucrative business deals that were now opening up, British Foreign Secretary Robin Cook cobbled together a statement with Libyan diplomats that Libya accepted “general responsibility” for the killing. The trade mission was then given the go-ahead five days later.

Companies such as AGIP of Italy and Total of France have produced about 30 percent of Libya's oil since the 1980s, its own nationalised oil industry producing the rest. A new law regarding oil production will be implemented in the year 2000, overturning restrictions on foreign operators stretching back nearly 40 years. This will open up the nationalised oil and gas sectors to tenders from foreign investors. The new law was announced by Energy Minister Abdullah al-Badri at a Geneva conference in April, held to discuss oil and gas investments. Registration for the conference almost doubled on news of the easing of the sanctions. An oil industry consultant at the meeting, George Joffe, was quoted as saying: “There is a very simple statistic, to exploit oil in Libya it costs only five dollars a barrel. Even with oil prices at \$10 ‘its interesting’. US companies are very disappointed”.

Gadhaffi has abandoned the project of the Socialist Peoples Libyan Arab Jamahiriya—“Socialism inspired by Islam”—and embraced the opening up of the economy to

international finance and the transnational companies. His nationalist ideas were always opposed to genuine socialism. The system of political rule, the so-called General People's Congress, was designed to perpetuate Gadhaffi's one-man rule. Political opposition and newspapers are still banned. According to Amnesty International, hundreds of political prisoners and Muslim oppositionists are held in Libyan jails without charge or trial.

Oil reserves in Libya are roughly the same as those of the US, around 30 billion barrels or 3 per cent of known world resources. As much as 95 per cent of the country's export earnings are based on the sale of oil products. Most food is imported and Libya has no inland surface water, and no rail system. The government is involved in the largest civil engineering project in the world—transporting water from desert wells to irrigate crops in order to reduce its dependency on imported food.

Relations have never been so good with its ex-colonial ruler Italy, which has taken the lion's share of the overseas investment of Libya's oil wealth. The Libyan government owns large blocks of shares in premier Italian companies like Fiat and ENI. Italian firms are competing with other European consortiums for the Front End Engineering and Design contract (FEED), worth \$5.5 billion. The aim of this project is to build a gas submarine pipeline from Libya to Italy under the Mediterranean Sea that will carry 10 billion cubic meters of gas annually out of Libya's trillions of reserves, 8 billion going to Italy. Joint ventures between Libya and Italy have been established, investing in the West African textiles industry.

Apart from the bonanza for European investors in the oil and gas industry, Gadhaffi is putting billions of dollars worth of contracts out for tender in the development of the infrastructure and armaments. \$60 million are to be spent on a tourist complex, with contracts going to Japanese travel companies. State-owned Libyan Arab Airlines and British Aerospace are negotiating on rebuilding the civil aviation sector. *The Middle East Economic Digest* wrote: "Jets that fly into Tripoli airport will be bringing in contractors, bankers, and consultants who will no doubt play a role in defining the nature of the economic system that will evolve in Libya". Other contracts are with Russia for MiG 31 interceptor jets, and the possibility of British Aerospace selling military hardware is also being discussed. There are proposals for Russian and Chinese involvement in a new 2000 kilometre railway system.

Alongside his new relationship with the major European powers, Gadhaffi is discussing with Arab and African leaders in setting up trading zones or "economic communities". The Libyan leader is quoted as saying: "The world today is inclined towards blocks where there is no

place for small entities". In Africa, the "Sahel-Saharan Community" combines Libya, Burkina Faso, Chad, Mali, Niger and Sudan. Gadhaffi is discussing an attempt to revive the Maghreb Union, comprising Morocco, Algeria and Tunisia. As well as the economic issues, there are discussions on combining military forces and a joint "anti-terrorist strategy". A spokesman for the United Arab Emirates, who sent a delegation of 40 trade representatives to Libya, said, "Right now Dubai is undergoing a crisis, a dilemma over where to invest next ... People from Dubai don't find much charm in entering the Caspian region after the Russian crisis".

Free trade zones jointly run by Egypt and Libya have been set up, operated by Egyptian workers brought back from Thailand and as well as those recruited from among the two million Sudanese immigrants in Libya.

European companies presently face no competition from their US counterparts because America's unilateral sanctions against Libya do not expire until the year 2001. Gadhaffi is keen for relations with the US to be normalised. Sanctions have stopped the import of US-manufactured spare parts, restricting the repair and upgrading of oil wells originally developed by America, and Libya has more oil than it can deal with.

At this point, however, the US has not even agreed to the lifting of UN sanctions, and it did not support Britain's move to re-establish diplomatic relations in June. The Clinton administration has demanded, amongst other things, that Libya must "end and renounce all forms of terrorism" and "acknowledge responsibility for the actions of Libyan officials", even before the trial over the Lockerbie bombing has concluded. The US will not stand passively by and watch the scramble back into this strategically and economically important area by its European competitors and its options will certainly include a possible military intervention.



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