

Libyan arms scandal shows widening rift between Europe and US

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Growing foreign policy differences between Europe and the US were highlighted by the revelation that British Customs officials had found a consignment of Scud missile parts bound for Libya in May, months before the Blair Labour government restored links with the regime of Colonel Muammar Gadhaffi.

Last week's *Sunday Times* ran a front-page story, portraying the missile parts shipment as a major plot to break Britain's arms embargo against Libya. The 32 crates were labelled as spare parts for cars, although carrying the name of a clothing company in Taiwan called Hontex. The *Sunday Times* initially claimed that the Scud parts were capable of extending the missile's range from 200 to 600 miles, putting southern Italy within Libya's reach, but the foreign office later denied this, saying that the parts were only spares for existing ballistics.

The story said that the parts had been discovered in November, after Britain had normalised its relations with Libya. Eventually, the British government admitted that the parts first arrived at Gatwick and had been discovered by Customs officers and intelligence staff, in May of last year. Although the officials were said to have asked British Airways at Gatwick airport to stop the shipment, the crates were loaded onto a plane and flown on to Malta. Only then were they seized by the Maltese authorities and returned to Gatwick in July, the same month that diplomatic relations were officially restored. The shipment was impounded pending investigation and formally seized by Customs in November.

The government said that it had concealed the find for months because it did not want to jeopardise its diplomatic relations with Libya. The reason for this sensitivity towards what was once a pariah state—and one still subject to an official arms embargo—can be

found in the race by Britain and the rest of Europe to secure their share of lucrative oil and infrastructure projects in Libya.

Britain and the European Union (EU) have been working to improve relations with Libya, ever since Gadhaffi allowed the handing over for trial in the Netherlands of two Libyan suspects in the bombing of Pan Am Flight 103 over Lockerbie in 1988. Last September, the EU lifted most remaining sanctions imposed on Libya after the Lockerbie bombing, although the arms embargo remains.

Libya has around 3 percent of the world's known oil reserves, and the valuable raw material can be extracted there more cheaply than from many other countries. Anything that cut across Britain's striving for friendly relations with Libya would allow Italy and France to secure their domination over the region's oil. Italian energy producer ENI has reached a deal with Libya's National Oil Corporation to jointly develop gas and oil reserves estimated at around 1.8 billion barrels. ENI, which has been in Libya since 1959 and currently produces 80,000 barrels a day from the Bu-Attifel oilfield, predicted the deal could generate investments of \$5.5 billion. Production is expected to begin in late 2003.

Gadhaffi has given Italy first priority on all contracts to upgrade oil installations, but British oil equipment suppliers are hoping to take some of this business, exporting new equipment to replace the antiquated machinery currently in use. British Aerospace has been holding discussions with Libya for some time (even before the dropping of sanctions) on a \$10 billion contract to modernise Libya's airline, and Labour MP Roger Stott described Libya as “traditionally ... a strong British market”. In 1992, prior to the introduction of sanctions, exports from Britain to Libya totalled £228

million.

Libya has denied accusations of trying to ship missile parts through Britain, blaming forces that are "unhappy with the current improvement of co-operation between the Libyan Jamahiriya and Great Britain" for whipping up the issue. This is a veiled reference to the US government, which has conflicted with the European states over the thaw in their relations with Libya.

In 1986 Washington severed all economic and commercial relations with Libya, accusing it of giving aid to international terrorists. The US used the Lockerbie bombing to whip up a frenzy against Libya and justify the imposition of UN sanctions. In 1996 Congress passed the Iran-Libya Sanctions Act, which imposes penalties on countries investing more than \$40 million per year in Libya's oil and gas industry.

In May last year, the Senate passed a resolution urging President Clinton to prevent the lifting of UN sanctions until Tripoli renounces terrorism, pays compensation to the families of the Pan Am 103 victims and agrees to co-operate with the trial of two Libyan suspects.

After Libya handed its two citizens over for trial, many expected that the US sanctions would be softened and the way opened for relations to improve between the two countries. Instead, a clear divergence of European and US policy developed in respect to Libya.

Europe has become increasingly irritated by the Iran-Libya Sanctions Act, which penalises non-US companies for not adhering to American policies on Libya and Iran. At the same time, European companies have sought to take advantage of the inability of their US counterparts to invest in Libya to corner strategic markets.

The other "rogue state" at the top of the US's hit list, Iran, has also become a focus for foreign policy differences between the US and Europe, over the question of oil. The European powers are attempting to grab control of oilfields in the Caspian region of the former USSR by promoting a trade link between the Black Sea and Central Asia, through the construction of a highway from Turkey to Georgia. The Shah Deniz oilfield in the Caspian is being explored by a consortium led by European corporations, without US involvement, which wants to erect a pipeline through Iran. The US opposes any pipeline running through Iran and is counterposing its own plan for a pipeline that

skirts around Iran, despite this route being much longer and more costly.

Strategic foreign policy concerns underlay the apparently inexplicable intransigence of the US towards Libya. US foreign policy is grounded on demonising the leaders of oppressed countries such as Libya and Iran, in order to justify its aggressive ambitions to dominate the globe. For several years, the US has used the supposed threat from Arab states as a bogeyman to replace the role played by the USSR during the Cold War in providing an external enemy against whom the western powers must unite.

Washington is likely to try using the missile incident to persuade Europe to support moves to develop a regional anti-missile system to match the national protective shield, which is expected to be given the go-ahead by President Clinton this summer. The sole argument advanced by the US in favour of such a system (known as "mini-Star Wars") rests upon the claim of a threat from "rogue" or "terrorist" states, and Libya and Iran in particular. The European powers are strongly resisting the US plan, saying it would lead to a new arms race.



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