US, NATO allies join scramble for Libya's oil

Bill Van Auken
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A US delegation arrived in the eastern Libyan city of Benghazi Tuesday for talks with the Transitional National Council, the political arm of the so-called rebels fighting against the regime of Colonel Muammar Gaddafi.

The visit follows the announcement Monday in Rome that the Italian government has recognized the council in Benghazi as the sole legitimate government of Libya. Italy is only the third nation to take this step, following recognition of the TNC by France and Qatar, the oil-rich Persian Gulf emirate.

In announcing the recognition, Italian Foreign Minister Franco Frattini also stated that Paolo Scaroni, the chief executive of the Italian oil and gas company, ENI, had visited Benghazi two days earlier for talks with the TNC. The foreign ministry subsequently corrected his remarks, saying that he had held a telephone conference with the leadership of the Benghazi council.

The oil executive, Frattini said, "had contacts with the Libyan National Transitional Council to restart cooperation in the energy sector and get going again the collaboration with Italy in the oil sector."

Last month, on the eve of the US, France and Britain launching their missile and bombing attacks on Libya, Scaroni had derided economic sanctions against the Gaddafi regime as "shooting ourselves in the foot" and stressed ENI's desire to resume operations in the North African country "whatever political system there is in the future." The company, which has been active in Libya since 1955, is the top foreign oil operator and the country's largest foreign investor, having reached a $28 billion deal with the Libyan government in 2007 to extend its contracts for oil production until 2042.

ENI is extremely close to the Italian government. Its turn to the "rebels" may merely be a matter of the company hedging its bets. On the other hand, it could reflect insider knowledge as to US-NATO plans either to escalate the war or to effectively partition Libya, with eastern oil fields and facilities under the nominal control of the TNC.

The Italian recognition and ENI's forging of ties to the Benghazi council came just a day before a Liberian-registered oil tanker, owned by a Greek shipping conglomerate, docked at the Libyan crude export terminal of Marsa el-Hariga, near Tobruk.

The tanker, the Equator, is capable of carrying 1 million barrels of crude, which would sell for over $100 million on the world market. Its shipment will represent the first export of oil from Libya since the country was plunged into civil war six weeks ago. The Greek shipping company carrying the oil has refused to say who is paying for it or where it is going.

There are reportedly three million barrels of crude stored at the terminal, which belongs to the Arab Gulf Oil Corporation (AGOCO), a subsidiary of Libya's National Oil Corporation. The Transitional National Council has claimed that AGOCO's fields in the east are producing up to 120,000 barrels a day, roughly one third of the output before the civil war broke out. Libya as a whole was producing 1.6 million barrels a day and exporting 1.3 million before the fighting.

Energy analysts are highly skeptical of these claims. As the business information company IHS noted, "the exodus of foreign skilled workers as well as most Libyan workers, who abandoned the country's often remote desert oilfields in order not to either be caught out by fighting or left stranded as water and food supply chains broke down, this meant that production in AGOCO fields, as at all other fields in Libya, has fallen to almost zero."

Nonetheless, the Benghazi council has announced its intention to sell what oil it has to fund its operations and to buy arms, with Qatar acting as a middleman in getting the oil onto the world market.

Asked about Qatar's role, in an interview with the *Wall Street Journal*, Libya's energy minister, Shukri Ghanem commented bitterly, "Rather than calling for unity and reconciliation, everyone would like to participate in the loot."

Ghanem insisted that the priority should be a cease-fire and warned that continuation of the fighting could lead to the "strangling" of Libya's oil industry.

Last week, the European Union's foreign affairs representative, Catherine Ashton, stressed that "there is an oil embargo against the whole of Libya" which applied equally to areas held by the Gaddafi regime and those under control of the armed opposition.

Washington took the opposite position, insisting that so long as the money for the oil exports was not funneled into the state-owned National Oil Corporation, the exports from eastern Libya would be allowed.

The United Nations special envoy for Libya, Abdul Ilah al-Khatib, delivered a report to the Security Council April 4 in which he said that the council in Benghazi had "raised concerns about the lack of funds, as well as issues relating to the marketing and sale of oil and gas in Libya." He also said that the council wanted to begin securing "loans guaranteed against oil and gas sales and [Libya's] frozen overseas assets."

By Tuesday, the EU reversed its position on the Libyan sanctions, with a foreign affairs spokesman insisting, "The oil and gas embargo is specifically targeted against the Gaddafi regime" and so long as revenues did not go to the government in Tripoli, "we have no issues with oil and gas commercial practices."

The abrupt turnaround, combined with the discussions between the Italian oil giant ENI and the "rebels," suggests that a scramble by the major Western powers and energy conglomerates for control of Libyan oil is well under way.

It is in this context that the visit to Benghazi by the US delegations—and by French and British ambassadors before it—is taking place. The US envoy, Chris Stevens, the former number-two official at the now-closed embassy in Tripoli, is to discuss, among other matters, "the financial needs of the council" and "how the international community can assist," an administration official told the Associated Press. No doubt, such "assistance" will be tied to lucrative contracts for the American branch of Big Oil.

Washington, Paris and London had expected to secure unfettered control over Libyan oil by means of regime change, forcing the downfall of the Gaddafi regime. However, this task has proven more difficult and protracted than anticipated.

The "rebels" have been incapable of mobilizing forces able to defeat the military units loyal to Gaddafi. On Wednesday, they were once again driven out of Brega, site of an oil refinery and Mediterranean port, despite NATO air strikes early in the day that demolished vehicles used by the Gaddafi forces. The panicked retreat by the opposition forces took them at least 15 miles east toward Ajdabiya.

The new setbacks led to a protest by one of the commanders of the armed opposition that NATO was not supplying sufficient air cover. Abdel Fattah Younes, who was previously Gaddafi's interior minister, condemned NATO for acting too slowly in delivering bombardments and warned, "Either NATO does its work properly or I will ask the national council to raise the matter with the Security Council."

NATO rejected the complaint, insisting that it has maintained the same pace of operations since assuming nominal command of the Libyan intervention. "The pace of operations since NATO took over has not abated," said a spokesman for the US-led alliance. "We have conducted 851 sorties in the past six days ... we are fulfilling our mandate."

Meanwhile, Brigadier General Mark van Uhm, a senior NATO staff officer, said in Brussels, "The assessment is that we have taken out 30 percent of the military capacity of Gaddafi."

Washington and NATO have claimed to be operating under the mandate of a UN Security Council resolution authorizing "all necessary measures" to protect civilians. But the obvious implication of van Uhm's statement is that continuous bombardments have been carried out with the aim of obliterating Libya's military and defending the so-called rebels.

This air war, however, has proven insufficient, given the US and NATO-backed opposition's disorganization and lack of forces.

A report from Libya by Al Jazeera reveals that covert measures are being taken in an attempt to change this situation. Citing the testimony of a member of the armed opposition, the network reported that oppositionists are being trained at a secret facility in eastern Libya by both US and Egyptian special forces units.

The "rebel" also said that weapons are being funneled in across the Egyptian border, in violation of a UN arms embargo, including "state-of-the-art" heat-seeking missiles.

The report further exposes the lies told by the Obama administration. The US president has publicly assured the American people that there will be no "boots on the ground" in Libya, and that arming the "rebels" is something that has neither been ruled in or out. It is now evident that both have already taken place as Washington escalates the predatory war.

A poll released Tuesday pointed to rising popular opposition within the United States to the war launched by the Obama administration against Libya. Only 25 percent believed that the intervention is worth the nearly $600 million spent thus far on the US military action, according to the poll, conducted for *The Hill*. The same poll indicated only 19 percent support for arming the so-called rebels. A separate Quinnipiac University survey found that 47 percent of registered voters are against the war compared to 41 per cent who support it.