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The Deceptive Agreement Between Libya and Italyⁱ

By Laurence Carombaⁱⁱ

Silvio Berlusconi and Muammar Gaddafi have little in common, save perhaps their shared reputation for eccentricity. However, both revealed themselves to be masters of political theatre. Signing a \$5 billion “reparations package” for Italian colonialism, the pair lavished praise on the document and each other. Berlusconi described the deal as “a complete and moral acknowledgement of the damage inflicted on Libya by Italy,” and made the grandiose prediction that it would end “40 years of misunderstanding” between the two countries. Gaddafi gushed over the “historic document,” declaring that the 30th of August would henceforth be known as “Libyan-Italian Friendship Day.” The media accepted Berlusconi and Gaddafi’s rhetoric uncritically. African newspapers began speculating on whether Italy would follow up the deal with reparations to Ethiopia and other former colonies, while an excited *Time* magazine described the pact as “an unprecedented act of contrition by a former European colonial power.”

Really? The Libya-Italy agreement is important, but it’s hardly unprecedented, and it certainly isn’t a selfless act of contrition. The terms of the deal are simple: Italy will build \$200 million worth of infrastructure in Libya annually for the next 25 years. The vast majority of the money will be used to build a coastal highway that will stretch across the whole breadth of Libya, from its eastern border with Egypt to its western border with Tunisia. In return Italian companies, such as Eni, will receive preferential access to Libya’s oil and natural gas reserves. (Italy already imports around 25% of

its oil and 33% of its gas from Libya.) In addition, Libya will cooperate with Italy to stem the tide of illegal immigrants, of whom 16,000 departed from Libya last year.

Stripping away the “colonial apology” rhetoric and focussing on the actual terms of the deal, one is left with something rather mundane: preferential access to natural resources in exchange for infrastructure. This is almost identical to agreements that other African oil-producing states have concluded with large oil-consumers; especially China. In Angola, China is rebuilding the 1300km Benguela Railway, at a cost of \$300 million; at the same time, Sinopec received offshore oil concessions that were previously held by Total. In Nigeria, China is constructing a massive 7,800km railway network that will connect all the major cities in the country, in return for four drilling licenses and a stake in the 110,000 barrel-per-day Kaduna refinery. In principle, there is very little difference between these agreements and Italy’s efforts to win oil and gas rights in Libya by building a road.

This is not to say that the agreement is a bad thing. International trade and investment is almost always mutually advantageous, and there is no reason to suppose that this agreement will any different. Italy needs energy just as Libya needs infrastructure – why not trade one for the other? In this case, the benefits are likely to be political as well as commercial: seen alongside Condoleezza Rice’s visit to Tripoli, the pact is a powerful symbol of the ongoing normalisation of Libya’s international relations.

The true genius of the deal, however, lies in the way that Berlusconi and Gaddafi have effectively taken a commercial agreement and wrapped it up as a “reparations package” merely by combining it with an apology for colonialism. Ironically, it will allow Italy to avoid the unfair charge of “neo-colonialism” that often accompanies foreign commercial dealings in Africa. It will also allow Berlusconi to boast of a major foreign policy success early in his third term, and to paint himself as a great statesman before the usually-hostile European media. Even the Libyan pledge to stem illegal immigration – perhaps the least important component of the deal overall – will help Berlusconi hold his right-wing parliamentary coalition together and allow him to claim the realisation of a crucial campaign promise.

Gaddafi may stand to benefit even more than his Italian counterpart. For a leader that has long craved the respect of his African peers, the deal is a public relations

coup that will give him newfound credibility, expand Libya's soft power in the continent, and shore up his domestic support. Gaddafi can now claim to have succeeded where all other African leaders, including Nigeria's M.K.O. Abiola, have failed: getting the colonial power to pay up.

Not everyone will be happy with this tidy arrangement, of course. The Algerian newspaper *Liberte'* took the opportunity to revive the previously-dismissed idea of French reparations to Algeria (one imagines that Nicolas Sarkozy holds little affection for Berlusconi right now). Nigerian newspaper *This Day* reacted in much the same way, saying that the deal "raised the issue of whether Nigeria should also not initiate a process of demanding adequate compensation from Britain." If other African countries hit upon the idea of demanding colonial reparations in exchange for energy rights, it may eventually prove detrimental to the interests of European states, including Italy. For now, however, Berlusconi can take heart in having concluded an agreement that was both cynical and duplicitous, but also an act of considerable political skill.

ⁱ The views expressed in this paper are those of the author and do not necessarily reflect the views of the Centre for International Political Studies (CiPS) or the University of Pretoria

ⁱⁱ Laurence Caromba is a Research Assistant at the Centre for International Political Studies (CiPS), University of Pretoria

CiPS

CENTRE FOR INTERNATIONAL POLITICAL STUDIES

CiPS (Centre for International Political Studies)

University of Pretoria

Pretoria, 0002

South Africa

Tel: +27 (0) 12 420 2696

Fax: +27 (0) 12 420 3527

cips@postino.up.ac.za

www.cips.up.ac.za