

The War for the Oil of Libya

1955-2015



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Introduction

Libya is the richest African country in oil reserves and one of the richest in the world. The following seven chapters are independent essays that were written on different dates, and therefore you should not expect some kind of connection between the chapters. On the other hand all chapters deal with same issue, i.e. the Libyan energy industry, her foreign policies, and her wars for oil, and therefore they are somehow connected.

I.A.

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The Arab Spring in Libya

The region occupied today by Libya was controlled by the Ottoman Empire from 1551 to 1912. In 1912 the Italians took control of the region, after the Italian-Ottoman war of 1911-1912. In 1951, the Arab Islamist King Idris, with the help of the British, whom he had helped against the Germans and the Italians during the Second World War, declared the independent monarchy of Libya. In 1959 big oil fields were discovered in Libya, and in 1969, the Arab socialists, with the help of the Soviet Union, under Muammar Qaddafi, overthrew the King and came to power, imposing a socialist dictatorship.

Picture 1



Muammar Qaddafi, like all other socialist dictators of the Middle East and North Africa, was a Russian ally, and he was getting his arms from the Soviet Union. But these dictators were following a very different socialist model than the one followed by the Russian socialists. Russian socialists

were following socialism and internationalism, because they were facing very different populations in their colonies of Central Asia and Eastern Europe. The Russian socialists were Christian Orthodox, and they had to united under their leadership the Turkic populations of Central Asia, the Christian Catholics, the Christian Protestants, but also the Muslims of Eastern Europe and the Balkans. There were also Slavic and non-Slavic populations in their colonies.

Therefore the Russian socialists had to eliminate the ethnic and religious factors, in order to absorb the population of their colonies. That's why they banned religion and they emphasized the working class, demonizing the ethnic factor. Today, that Russia has lost her colonies in Central Asia and Europe, Putin is using Slavism and Christianity aggressively, in order to promote the Russian energy policies in Europe.

On the other hand, the Arab socialist dictators were facing a very different situation. They were facing a very homogeneous population, with the Arab and the Muslim factor being dominant. Therefore the Arab socialist dictators invested a lot in socialism and Arab nationalism. Gamal Nasser, the Russian ally and socialist dictator of Egypt, used Arab nationalism (Panarabism), together with the Syrian socialists, in order to unite the Arabs of the Middle East under his leadership, and gain control of the oil of the Persian Gulf. See "The Intra-Arab War for Oil 1950-1970".

<https://iakal.wordpress.com/2015/06/09/the-intra-arab-oil-war-1950-1970/>

Muammar Qaddafi, the Libyan socialist dictator and Russian ally, used socialism and Arab nationalism, in order to united Morocco, Algeria, Libya

and Tunisia, under an Arab Islamic Republic, which would give the Arabs of North Africa more bargaining power over their European customers, who were buying their oil and gas. Even though this kind of unions are very difficult, because there is always the issue of who will have the power, the Arab Islamic Republic makes some sense, because Algeria is very rich in natural gas, Libya is very rich in oil, and Morocco and Tunisia are of strategic importance for transferring the oil and natural gas of Northern Africa to Europe.

Muammar Qaddafi managed to reach some understanding with Tunisia, as you can read at the following Wikipedia link, titled “Arab Islamic Republic”.

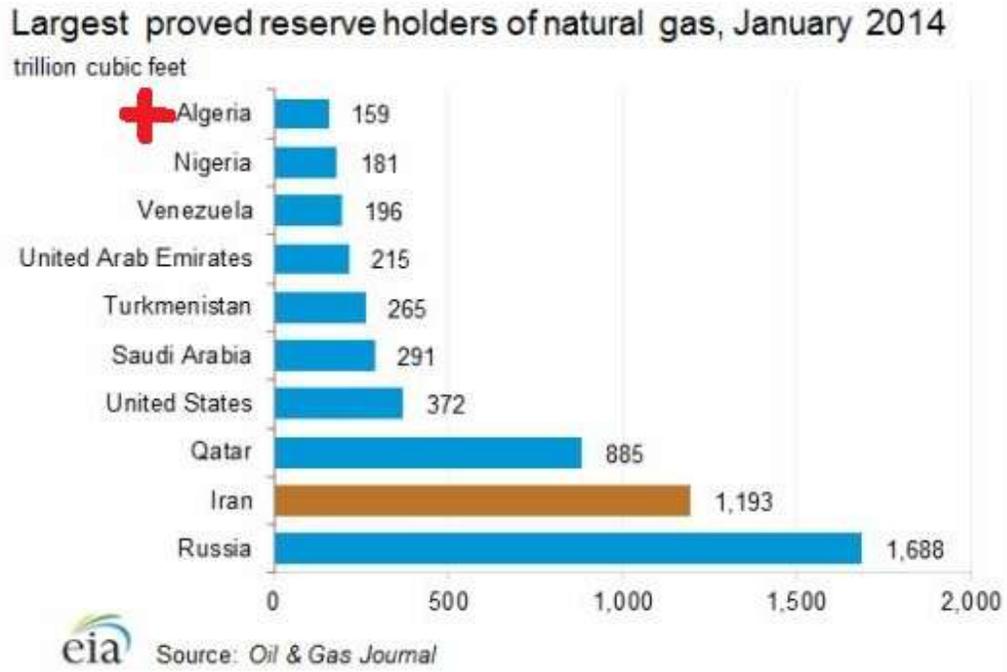
1st Paragraph

The Arab Islamic Republic (Arabic: الجمهورية العربية الإسلامية al-Jumhūrīyah al-‘Arabīyah al-Islāmīyah) was a proposed unification of Tunisia and Libya in 1974, agreed upon by then Libyan head of state Muammar Gaddafi and Tunisian President Habib Bourguiba. Additional countries — Morocco and Algeria — were later included in the proposal, which was never implemented.

https://en.wikipedia.org/wiki/Arab_Islamic_Republic

However Qaddafi, as was the case with Nasser, did not manage to unite North Africa under his leadership. In the same way that Gamal Nasser failed to unite the Arabs of the Middle East under his leadership, Muammar Qaddafi failed to unite the Arabs of North Africa under his leadership. Please check the following two tables from the Energy Information Administration, which show the richest countries in natural gas and oil reserves.

Picture 2

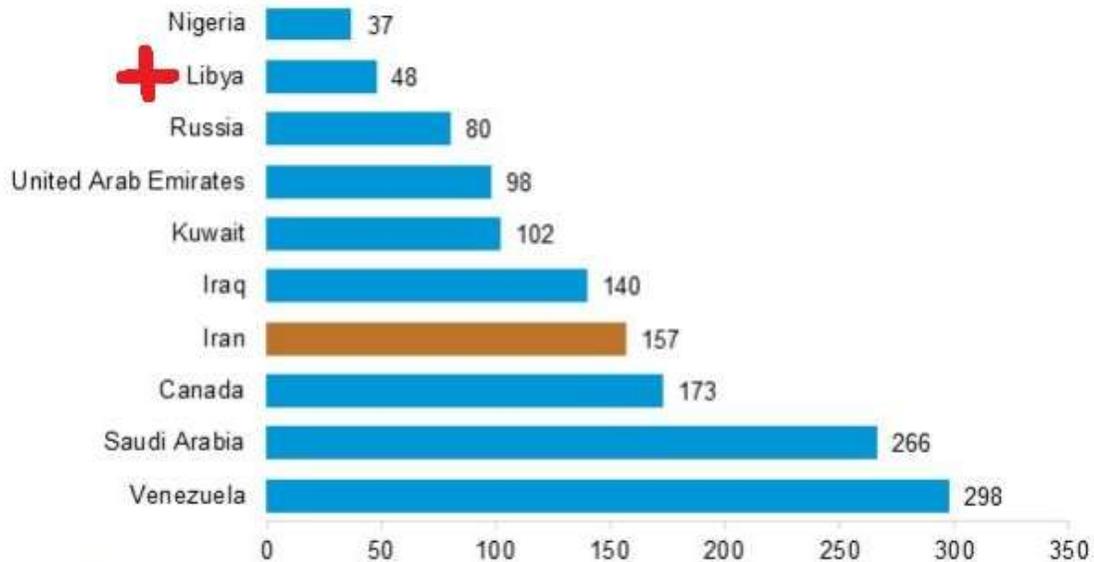


Iran's natural gas infrastructure

Picture 3

Largest proved reserve holders of crude oil, January 2014

billion barrels



Source: *Oil & Gas Journal*

As expected, Qaddafi was very hostile towards the United States. But Qaddafi did not have problematic relations only with the US and England, but also with France, a country with great tradition in socialism and anti-Americanism. Qaddafi did sell oil to France, and the other countries of Southern Europe, but he did not really have any other choice, since Russia did not need his oil. That's why it is said that Qaddafi had good economic relations with France, but very poor political relations.

Two were the main problems in the relations between France and Qaddafi. The first one was that France was the main ally of Israel from 1948 till the 60s, because France and Israel had common enemies. France was at war with the Algerian socialists and islamists, because Algeria was a French colony until 1962. Moreover the Egyptian socialist dictator Gamal Nasser,

who was a Russian ally who rose to power in 1952 till his death in 1970, was threatening to close the Suez Canal, and he was a great problem for France and England.

Picture 4



Therefore Israel was very useful for France, since the two countries had common enemies. Many people believe that it was the US which was the main supporter of Israel in its early years. But this is not true. France was supplying Israel with more arms than the US, and Germany was supplying Israel with more money than the US in its early years, as reparations for the Holocaust. It was in the 60s, starting with the American President John Kennedy, that Israel and the US became the allies that everybody talks about today. Even though today there is a big crisis in the American-Israel alliance.

Moreover, in 1956, when Gamal Nasser wanted to close the Suez Canal, it was France, England and Israel that invaded the Sinai Peninsula, and were ready to overturn Nasser. The famous Suez Crisis. But the United States opposed the military operation, and the three countries had to leave Egypt humiliated. It was clear that England and France, the two main powers and rivals of Africa, were not the main players anymore. The United States and the Soviet Union had taken their place.

To make a long story short, France continued to supply Israel with arms, but after France lost Algeria, and after the United States took control of the Middle East, Israel was not very useful for France anymore. Therefore France started making energy and arms deals with the Arabs, and gradually France became a very pro-Arab country, with very high levels of anti-Semitism. Today French Jews have to leave France because they are not safe anymore.

England is a not a very pro-Israel country either, as many people believe. Even though Israel owes a lot to England, because England helped a lot in the creation of Israel. But England has been a traditional ally of the Arabs, and the Arabs helped the English to beat the Ottomans in the Middle East during the First World War. Actually from 1982 to 1994, England imposed on Israel an embargo on arms sales, as you can read at the following Independent article, titled “Britain lifts arms embargo against Israel”, May 1994.

2nd Paragraph

Britain, along with its European partners, imposed its arms embargo on Israel in 1982 in protest at its invasion of Lebanon.

<http://www.independent.co.uk/news/world/britain-lifts-arms-embargo-against-israel-1438791.html>

But from the 60s onwards, with the rise of the pro-Russian socialist dictators in the Middle East and North Africa, and with the Persian Gulf playing a growing role in the American foreign policy, the Americans used the Turks and the Israelis as their main allies against the Soviets.

The other problem that Qaddafi had with the French, which I think was even more important than the one with Israel, was that the French had great influence over Africa, and Qaddafi believed that the African countries near Libya belonged to his sphere of influence. Therefore he accused the French of being colonialists. Therefore Libya's good economic relations with France were not accompanied by good political relations, and it is not very surprising that the French were the protagonists in the attacks against Qaddafi.

The truth is that Qaddafi had too many enemies and almost no friends. The United States and the English were his enemies. Many times in the past Qaddafi had used socialist terrorists against these two countries. The French had a very problematic relation with Qaddafi too, and the islamists Arabs of the Persian Gulf wanted him gone, because he was a Russian ally who had always been against them. That's why Qatar and Saudi Arabia were very active in the operations against Qaddafi. Even Russia and China abstained from the United Nations meeting that imposed a non-fly zone on Libya, as you can read at the following Guardian article, titled "Libya no-fly resolution reveals global split in UN", March 2011.

<http://www.theguardian.com/world/2011/mar/18/libya-no-fly-resolution-split>

Picture 5



It is true of course true that the Russians did not want Qaddafi dead, and they were very angry when that happened. But the Russians turned their back on Qaddafi, and did not veto the UN resolution because they did not want to go against the French. In 2011 relations between France and Russia were good. The Russians had given France small stakes in the Russian natural gas pipelines, and they had also ordered two Mistral war ships from France, with the prospect of buying another two. This was the largest ever military order between a non-Nato and a NATO country.

Moreover the Russians believed that Qaddafi would finally have to go, and they did not want to be in bad terms with the new leadership, because that would harm the Russian and the Chinese energy companies operating in

Libya. See the Guardian article, titled “G8 summit: Gaddafi isolated as Russia joins demand for Libyan leader to go”, March 2011, which mentions that Qaddafi was isolated when Russia turned her back on him.

1st Paragraph

Colonel Gaddafi has been left diplomatically deserted after Russia, his sole international interlocutor joined the rest of the G8 nations in declaring the Libyan leader had lost all legitimacy and had to go.

<http://www.theguardian.com/world/2011/may/27/g8-gaddafi-libya-russia>

Moreover there is a big difference between North Africa and Syria as far as Russia is concerned. Syria is Russia's playground, which is not the case with North Africa. The countries of Southern Europe import most of their energy from North Africa, and the countries of North Africa export most of their energy to these countries. Therefore even though the socialist dictators of North Africa were Russian allies, Putin had to take into account the Europeans when dealing with them, and the socialist dictators had to take into account the Europeans when dealing with the Russians.

The countries of the Middle East and North Africa are run by socialist or Islamist dictators, and they cannot achieve economic progress. They have to rely on the exports of their raw materials. The same is true for Russia, Venezuela, and all other socialist and Islamist countries. China is an exception, because due to her rivalry with the Soviet Union, China allowed western companies to enter China in 1980, and she managed to progress. Before 1980 China was like all other socialist and Islamic countries.

But let me return to the subject. As you can read at the following Reuters article, titled “ENI leads Libya oil race; Russia, China may lose out”, August 2011, if Russia and China were to support Qaddafi to the very end, they would take the risk of being excluded from energy projects by the next regime, which could not forgive their support. The article mentions that Qatar and the French Total, together with the Italian ENI, could be the big winners in post-Qaddafi Libya.

1st and 2nd Paragraphs

“Italian oil company Eni led the charge back into Libya on Monday as rebels hailing the end of Muammar Gaddafi's rule warned Russian and Chinese firms that they may lose out on lucrative oil contracts for failing to support the rebellion”.

Gaddafi's fall will reopen the doors to Africa's largest oil reserves and give new players such as Qatar's national oil company and trading house Vitol the chance to compete with established European and U.S. oil majors.

“We don't have a problem with Western countries like the Italians, French and UK companies. But we may have some political issues with Russia, China and Brazil,” Abdeljalil Mayouf, information manager at Libyan rebel oil firm AGOCO, told Reuters

16th, 17th and 18th Paragraphs

About 75 Chinese companies operated in Libya before the war, involving about 36,000 staff and 50 projects, according to Chinese media.

Russian companies, including oil firms Gazprom Neft ([SIBN.MM](#)) and Tatneft TATN3.MM, also had projects worth billions of dollars in Libya. Brazilian firms such as Petrobras ([PETR3.SA](#)) and construction company Odebrecht were also in business there.

“We have lost Libya completely,” Aram Shegunts, director general of the Russia-Libya Business Council, told Reuters. “Our companies will lose everything there because NATO will prevent them from doing their business in Libya.”

21st Paragraph

Wintershall said restarting production could be done within several weeks: "This of course depends on the state of the export infrastructure as well as a stable security situation in the country," it said. Analysts and industry observers have said Eni and Total could emerge as the big winners in post-war Libya due to their countries' heavy support for the rebels.

<http://www.reuters.com/article/2011/08/22/us-libya-oil-idUSTRE77L1QU20110822>

I must also say that in the beginning Italy was also reluctant to participate in the operations against Qaddafi, because the Italian ENI was the foreign company that had most of the projects in Libya. But Italy was worried that France could get most of the energy projects in post-Qaddafi Libya, if Italy supported Qaddafi, and the Italians started bombing Qaddafi too. Moreover the Italians were very mad when Qaddafi said that he would give ENI's projects to Russia and China, if the Russians and the Chinese were to increase their support to the Qaddafi regime, as you can read at the following Reuters article, titled "Italy's Berlusconi exposes NATO rifts over Libya", July 2011.

1st Paragraph

Italian Prime Minister Silvio Berlusconi said on Thursday he was against NATO intervention in Libya but had to go along with it, an admission that exposed the fragility of the alliance trying to unseat Muammar Gaddafi.

16th Paragraph

Potentially adding to the pressure on Italy to review its stance on Libya, a senior Libyan government spokesman said negotiations had begun with Russian and Chinese firms to take over the role of Italian energy firm ENI in oil and gas projects.

<http://www.reuters.com/article/2011/07/07/us-libya-idUSTRE7270JP20110707>

But as I said, because ENI was the largest foreign company in Libya, Italy was not very willing to participate in the operations against Qaddafi in the beginning. At least Italy did not have the motives that the French, the English and the Qataris had to overturn Qaddafi. As you can read at the following Wall Street Journal article, titled “Eni, Repsol Expatriates Evacuated from Libya”, July 2014, the Italian ENI and the Spanish Repsol were the largest investors in Libya.

1st and 2nd Paragraph

Oil giants Eni SpA and Repsol SA have evacuated expatriates from Libya following escalating violence at Tripoli's airport, Libyan oil officials said over the weekend.

The move by the country's two largest foreign oil and gas investors, which comes after France's Total SA also pulled out its foreign staff, comes as capital's worst fighting in six months threatens Libya's fragile oil recovery.

<http://www.wsj.com/articles/eni-repsol-expatriates-evacuated-from-libya-1405893922>

A very good article about the role of England and France in the Libyan war is Forbes' “France, U.K. Have Differing Motives For Intervening In Libya”, March 2011. The article says that France and England were from the first ones to attack Qaddafi but each one for different reasons. The English had very bad relations with Qaddafi, and they were hoping to improve their presence in a post-Qaddafi Libya.

The French, according to the Forbes, even though they were importing oil from Libya, since the French Total was very active in Libya, had the chance to enhance their military cooperation with the English, in order to isolate Germany in Europe. The article mentions the military agreement between France and England in November 2010, which according to the Forbes was

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