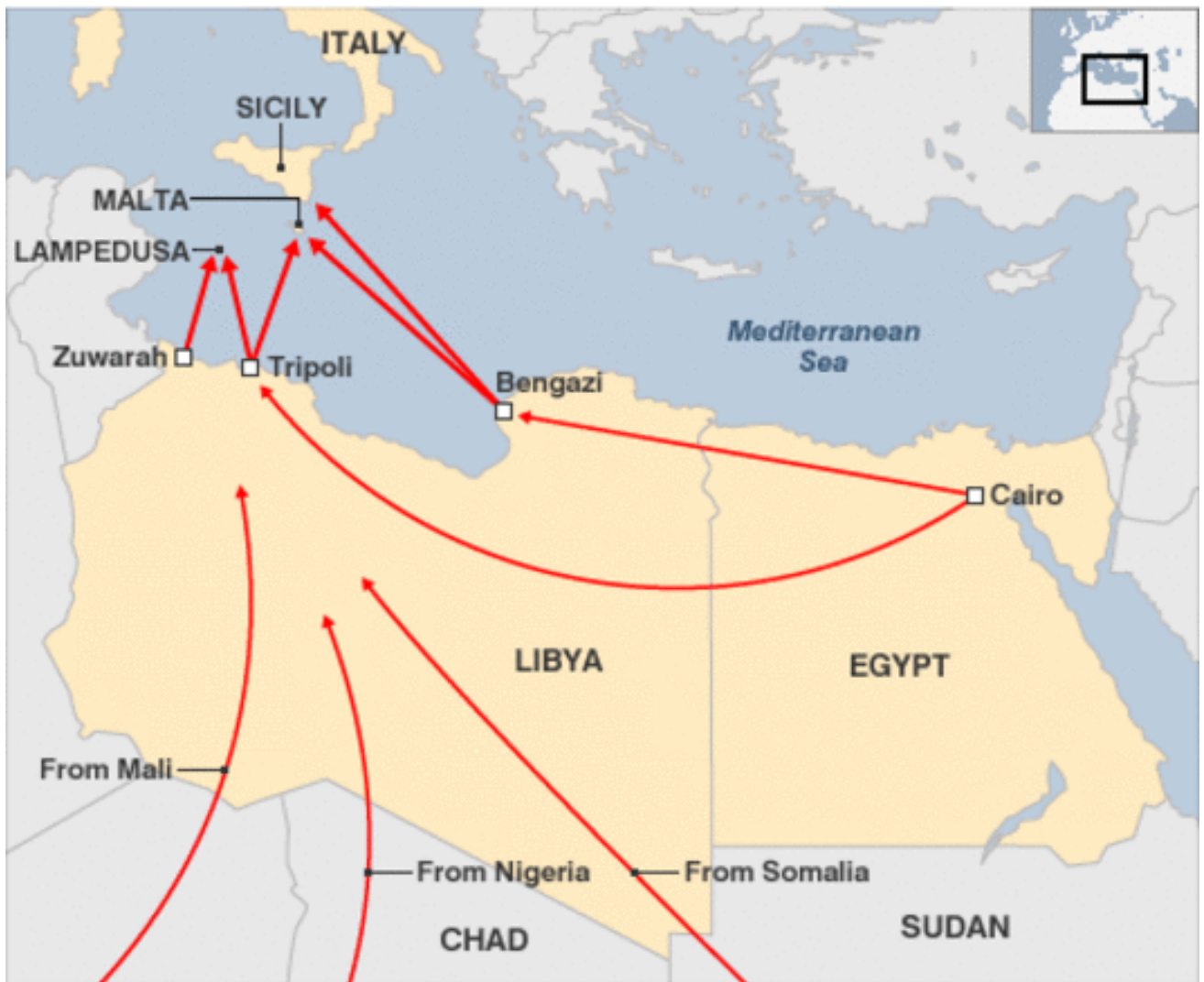


## Italy and Libya: The Roots of the Problem

Dario Cristiani (February 25, 2011)

### MIGRATION ROUTES TO EUROPE



Because of the sexy scandals regarding Mr. Berlusconi, commentators tend not to take Italy seriously these days. Thus the moderate-to-cool reaction of the Italian government to the Libyan "revolution" is often attributed, in passing, to Berlusconi's personal friendship with Geddhafi if not to their cultural and even political "similarity." But at the roots of Italy's "shy" approach to the Libyan crisis is a mix of geopolitical fears, energy needs and economic concerns. The country is "prisoner" of its peculiar geographical soul...



The violence in Libya is increasing day by day and the situation seems to be on the brink of the civil war. Libyan “Rais”, Muammar Gheddafi, clearly stated that he does not want to quit and he will “die a martyr” defending its power. The international community condemned Gheddafi’s actions an words. After days of silence, President Barack Obama said that “.the suffering and bloodshed is outrageous and it is unacceptable. So are threats and orders to shoot peaceful protesters and further punish the people of Libya. These actions violate international norms and every standard of common decency. This violence must stop”. The European Union strongly condemned violences in the country, threatening to impose new sanctions on Gheddafi’s regime.

Within the EU, anyway, two countries were less inclined to have a very tough approach on Libya: Italy and Malta. Even though condemning what is going on in the country, they were more oriented to use a less tough language against Gheddafi and his regime. Other European countries have the opposite view, above all countries from Central and Northern Europe. This is a normal dynamic within the EU when it comes to Mediterranean issues: northern and central European countries suffer less the impact of geography and geopolitics than their southern partners, which may have plenty of reasons to be more cautious. This is the case of Italy nowadays: a founding member of the EU and a G8 country which was reluctant to condemn Gheddafi after the brutality of the past few days. Why? The main reasons are to be found in a complex mixture of geopolitical, energy and economic consideration, which have always had a strong impact on Italian foreign policy towards the Mediterranean southern shore.

## Geography and Migration Fluxes

Due to its [geographical position, Italy](#) [2] is the European country more exposed to the waves of instability coming from the Mediterranean. The recent turmoil in North Africa, therefore, represents a major geopolitical challenge for Italy, given also the particular situation of Italian domestic politics as well as the prolonged effects of the global economic crisis on the country. First of all, for Italy, instability spreading in North Africa means the likely increase in migration fluxes from the southern rim of the Mediterranean. Migration is a very sensitive issue for Italian politicians and electors. The government has the fight against illegal immigration at the top of its political agenda.

The fall of Ben Ali in Tunisia and the situation of chaos in the aftermath gives a good example of what Italy has to deal with: with the exodus of Tunisian migrants rapidly increasing, what Italy fears most of all is the lack of authority and control in the countries of the region. Seen in this light, the destabilization of Libya - which seems to be a reality at this stage - represents an enormous challenge for Italy and its capability to manage migration fluxes.

The situation of instability will likely take more Libyans migrants to Italy but that is not the point. The real big issue is that a fragmentation of Libya, the collapse of its central authority and an increased impossibility to fully control its borders and its coast would open the door to fluxes of migrants from Sub-Saharan Africa and Libya's immediate neighbors: Tunisia, Egypt, Algeria, Niger, Chad, and Sudan are all countries that, for several and different reasons, are currently facing troubled times. A further worsening of Libya's capability to control its already porous borders with these countries would have a great impact on migration fluxes towards Europe. And [Italy is a prime destination for these fluxes](#) [3].

## Italy's Energy Needs

In general, Italy is highly dependent for its energy needs from abroad. Since it has very few national resources of oil and gas, it has no nuclear plants and the development of alternative, green sources



of energy grows slowly, Italy relies completely on foreign partners for its needs.

Currently, Libya accounts for 10% of Italian gas demand – taken to Italy through the Greenstream gas pipeline – and almost 25% of its oil demand, making the country the first supplier of Italy. Italian authorities and the head of ENI (the government-controlled multinational oil and gas company) said in the past few days that a stop of supplies from Libya would not impact Italian energy security in the coming months. However, a prolonged state of instability could have major effects a country such Italy.

First of all, on a more general basis, the recent turmoil in the Middle East and North Africa will have an impact, at least for a few months, on the global prices of oil and gas. And fears of future instability may affect energy prices even more, which means that Italy will suffer from increasing levels of inflation. Moreover, a prolonged Libyan crisis would likely affect Italian imports from that country. Italy should try to increase its imports from other sources, which could be a problem, especially if other major oil and gas producers in the Middle East and North Africa are experiencing a period of domestic instability. [ENI is by far the most important energy company in Libya](#) [4]. In 2007, Paolo Scaroni, the head of the company, said the country was the most important for ENI. The company has been in Tripoli since 1959 and Libya was the second target of Enrico Mattei's strategy of expansion.

### **Economy Interdependence**

Besides ENI, [economic relationships](#) [5] between the two countries are very strong. Italy is the first commercial partner of Libya and its export trends to Tripoli increase year by year.

According to the ICE (the [Italian Institute for Foreign Trade](#) [6]) there are plenty of Italian companies operating in the country: Iveco (FIAT); Impregilo, Grimaldi, Tarros, Alitalia, Enel Power, Edison, Snam Progetti, Alernia Aermacchi and many others. Moreover, Libya has several financial participations in Italian companies. It is main shareholder of Unicredit bank, since the Central Bank of Libya and the Libyan Investment Authority hold respectively 4,9% and 2,5% of its stocks. Then, Libya holds 1% of ENI's capital and 2% of Finmeccanica's through the Libyan Investment Authority. The Libyan arab foreign investment company (Lafico) holds also a quote of 7,5% of Juventus, the football club of Turin linked to FIAT, which does not seem to be a very rewarding investment given the troubled season of the team.

A major turning point in the economic relationship between the two countries has been represented by the [Treaty of Friendship, Partnership and Cooperation](#) [7] between Italy and Libya, agreed in 2008 and ratified by Italy in 2009. Aimed to repair the damages of Italian colonization in the country – then a major diplomatic success for Gheddafi and its well known rhetoric on issues like that – in reality it was an instrument to guarantee facilitated conditions to Italian companies to operate in the country. Italy will pay 5 billion \$ in 20 years (250 million per year), the projects will be agreed by the two countries and Italian companies will perform these works in different sectors, such as motorways, railways, airports, schools etc etc. In times of major economic crisis, above all for a country with a structural condition of economic weakness, losing these opportunities would represent a major, unsustainable blow.

The roots of the Italian “shy” approach to the Libyan crisis thus is in a mix of geopolitical fears, energy needs and economic concerns. Italy is “prisoner” of its geographical peculiar soul: “laying” in the Mediterranean means that instability in here translates automatically in troubles for Rome. This is a true, constant concern of Italian foreign policy and this major issue will always affect Italian approach towards its Mediterranean neighbors.



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[5] <http://www.bloomberg.com/news/2011-02-23/berlusconi-s-slavish-courtship-of-qaddafi-to-befriend-libya-haunts-italy.html>

[6] <http://www.italtrade.com/index.htm>

[7] <http://blogs.wsj.com/source/2011/02/25/italys-unusual-friendship-treaty-with-libya/>