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Making Sense of Italy's Renewed Economic Diplomacy Towards Libya

by Dario Cristiani and Silvia Colombo

On 23 June 2021, Germany hosted the follow-up conference of the Berlin process launched in January last year. External powers interested in the Libyan transition discussed the "next steps needed for a sustainable stabilisation" focusing primarily on elections, the withdrawal of foreign forces and the creation of a unified Libyan security apparatus.[1]

Following the October 2020 ceasefire, the success of the Libyan Political Dialogue Forum (LPDF) brokered by the United Nations and the swearing-in of Abdul Hamid Dbaiba's interim Government of National Unity (GNU) in March 2021, diplomacy in Libya seems to be finally regaining some momentum.

This new phase has also been characterised by greater European and Italian involvement. On 4 April, European Council President Charles Michel flew to Tripoli.[2] On 6 April, following a previous visit by Italian Foreign Minister Luigi Di Maio,[3] Italy's Prime Minister Mario Draghi also visited the Libyan capital,[4] in what was the first visit by an EU leader to Libya.

[1] German Federal Foreign Office, *Foreign Minister Maas and UN Secretary-General Guterres Send Out Invitations to the Second Berlin Conference on Libya*, 1 June 2021, https://www.auswaertiges-amt.de/en/newsroom/news/-/2463954.

[2] European Council, *Remarks by President Charles Michel after His Meeting in Tripoli with Prime Minister Al-Dabaiba and Foreign Minister Mangoush*, 4 April 2021, https://europa.eu/!Kk94dX.

[3] Vincenzo Nigro, "Libia, Di Maio a Tripoli, primo ministro Ue a incontrare il nuovo premier", in *Repubblica*, 21 March 2021, https://www.repubblica.it/esteri/2021/03/21/news/libia_di_maio_a_tripoli_per_incontrare_il_nuovo_premier-293225393.

[4] Italian Government, *PM's Foreign Visit to Lybia*, 6 April 2021, https://www.governo.it/it/node/17032; Gerardo Pelosi, "Libia: Draghi a Tripoli per rilanciare accordi economici con il nuovo governo", in *Il Sole 24 Ore*, 6 April 2021, https://www.ilsole24ore.com/art/libia-draghi-tripoli-rilanciare-accordi-economici-nuovo-governo-ADRCKZVB.

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For Draghi, this was his first international trip since becoming Prime Minister in February 2021. Further proof if any was needed of Libya's extreme importance for Italian interests. In late May, Dbaiba also came to Italy, attending the first edition of the "Italian-Libyan business forum".[5] Here, Dbaiba met with some of Italy's business heavyweights, including ENI, Ansaldo Energia, Leonardo, Saipem, Snam, Terna, WeBuild, Fincantieri, Psc Group, Italtel and San Donato.[6] This impressive line-up of business stakeholders further demonstrates the extent to which the Italian business sector perceives Libya as a fundamental market and partner.

Rome is indeed seeking to revive its economic complementary with Libya, which is seen as the most effective card that Italy can play to regain some influence in the country. Italian companies are particularly familiar with the Libyan business environment, a familiarity built over decades of close cooperation and investments.

On the Libyan side, Dbaiba is particularly interested in relaunching exports and commercial relations to revive its economy damaged by years of war, oil blockades and institutional divisions. Economic challenges remain particularly daunting as demonstrated by the fact that the economic track of the Berlin process has completely stalled. Getting the economy back on track is also essential for the survival of the current interim government and for the ambitions of many of its current members. Despite the promise not to run for the upcoming elections, many have made it crystal-clear that they intend to be part of the formal political landscape beyond the upcoming electoral appointment in December.

The Libyan case: Economy as a substitute for politics?

Economic issues have traditionally been at the core of Italy's engagement with Libya. In the context of current Italian-Libyan bilateral ties, this focus on the economy has a dual meaning, as it is both systemic and specific.

As for the former, under Foreign Minister Di Maio, the economic dimension has occupied growing centrality in Italy's foreign policy. The first decision that Di Maio took after being appointed Minister of Foreign Affairs and International Cooperation was to absorb certain tasks, resources and personnel from the Ministry of Economic Development.[7]

According to Di Maio, this change "allowed to unify the overall vision of

[5] Italian Ministry of Foreign Affairs and International Cooperation, *Minister Di Maio and Libyan Prime Minister Al Dabaiba Open Today the Business Forum "The New Libya Introduces Itself to Italian Companies"*, 31 May 2021, https://www.esteri.it/mae/tiny/42020.

[6] "Di Maio lancia il primo business forum italo-libico con il premier Dbeibah: 'Snodo importante nel rapporto tra i due Paesi'", in *Il Sole 24 Ore*, 30 May 2021, https://www.ilsole24ore.com/art/di-maio-lancia-primo-business-forum-italo-libico-il-premier-dbeibah-snodo-importante-rapporto-i-due-paesi-AEpJ1yM.

[7] Carmine Fotina, "Made in Italy e commercio estero alla Farnesina: il piano Di Maio toglie 300 milioni al Mise", in *Il Sole 24 Ore*, 8 settembre 2019, https://www.ilsole24ore.com/art/made-italy-e-commercio-estero-farnesina-il-piano-maio-toglie-300-milioni-mise-AC0gTti.

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foreign markets" thanks to the "closer integration between the Ministry of Foreign Affairs and other public export support bodies such as the Italian Trade Agency, Sace and Simest".[8] As such, this can be considered part of Di Maio's broader diplomatic vision.

Concerning Libya, Italy is focusing primarily on the economy also for other, more contingent reasons.[9] Italy, and the EU, have increasingly struggled to shape events on the ground. The mounting militarisation and internationalisation of the Libyan conflict since at least April 2019 reduced Rome's room to manoeuvre. Italy could not intervene militarily as other countries did, most notably Turkey, Russia and the United Arab Emirates.

That said, Italy does retain assets on the ground. The embassy, as well as the energy giant ENI, have remained operational throughout the entire conflict despite security risks. The Bilateral Assistance and Support Mission in Libya (*Missione bilaterale di assistenza e supporto in Libia* – MIASIT) has continued to provide security assistance, police training and above all health and humanitarian support, through the field hospital located at Misrata's airport that was even the target of missiles during the military campaign against Tripoli headed by the eastern based Khalifa Haftar.[10]

As important as these assets may be, they were not enough to change the military balance. Most importantly, Italy did not intervene militarily in support of the UN-recognised Tripoli government. Instead, it was Turkey that responded to a request from Tripoli for formal military support, an intervention that can hardly be considered illegal under international law.

Another tool of influence is the presence of mercenaries belonging to, or being supported by, different actors involved in the conflict. This option was not available to Rome for several reasons. These include legal and constitutional constraints; a strategic culture and public opinion generally adverse to military interventions, particularly if deprived of broad coalitions, and which tend to reject the Clausewitz logic of achieving political goals through military means; and the absence of national private military security companies that could be deployed in such a context, as was the case with other states supporting Haftar.[11]

[8] Valeria Covato and Francesco Bechis, "L'arte della diplomazia, il potere (sobrio) dell'Italia. Intervista a Luigi Di Maio", in *Formiche*, 7 September 2020, https://www.esteri.it/mae/tiny/40024.

[9] "Di Maio, nuove opportunità per imprese italiane e libiche", in *Ansa*, 21 March 2021, https://www.ansa.it/sito/notizie/topnews/2021/03/21/di-maio-nuove-opportunita-per-imprese-italiane-e-libiche_063714b8-8c85-4d72-9086-97739dde3681.html.

[10] Gianluca Di Feo, "Libia, nuovo attacco delle forze di Haftar sull'aeroporto degli italiani", in *Repubblica*, 2 October 2019, https://www.repubblica.it/esteri/2019/10/02/news/libia_attacco_haftar_aeroporto_misurata-237502638.

[11] Samer Al-Atrush and David Wainer, "Western Team Went to Help Moscow's Man in Libya, UN Finds", in *Bloomberg*, 14 May 2020, https://www.bloomberg.com/news/articles/2020-05-14/western-mercenaries-went-to-libya-to-help-moscow-s-man-un-finds.

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All of this contributed to further erode Italy's political influence over Tripoli. At the peak of Haftar's offensive on Tripoli, Italy effectively did not take sides and pursued a policy of "realpolitik", in the words of Di Maio himself.[12] This shift, which was already visible with the Conference of Palermo in November 2017, ultimately compromised Rome's leverage. The vacuum was eventually filled by Turkey through its military and political support that proved essential to turn the tide of the conflict.

For Turkey, this politico-military bid also has an economic side. Although Turkish-Libyan economic relations are flourishing,[13] they cannot be compared – in qualitative and quantitative terms – to those between Rome and Tripoli. That said, Italy's recent economic offensive is no doubt aimed at consolidating Rome's position and avoiding that Turkey's greater military and political influence result in a further erosion of Italy's economic positioning.

Yet, the economy could represent one area of cooperation, as the deep commercial and industrial connections existing between Rome and Ankara could favour convergence in Libya as well. Should Italy instead perceive that Turkey wants to use its ascending political leverage to undermine Italy's economic presence, competition and a zero-sum attitude could instead prevail.

The economy-migration nexus

Strengthening Libya's economy is also considered important to help manage the migration challenge, a strategy that dates back to the times of Gaddafi and its relations to external partners.

In this context, supporting the Libyan economy has a two-fold aim: first, it is seen as an essential step to promote a virtuous process of institution building, which should help Italy and Europe have interlocutors capable of implementing effective decisions, including on the thorny migration dossier. Secondly, it would create an incentive for many migrants to remain in Libya as its revived economy would again require a foreign workforce in several areas. While this might not be enough to cope with a systemic problem such as migration,[14] it seems that betting on the economy is the only card left in Rome's hands to regain some of its lost influence in Libya.

The success of Rome's renewed economic diplomacy towards Libya will depend on several factors. Notwithstanding Italian goodwill, concrete gains will depend on the absorption capacity of the Libyan economy, but also on a number of non-economic dynamics. Should the political negotiations fail, and elections be either postponed or cancelled again, the economy would automatically suffer, thus jeopardising Italian efforts.

[12] Goffredo De Marchis, "Di Maio: 'On Libya We Need Realism. Italy Does Not Take Sides in This War'", in *Repubblica*, 18 December 2019, https://www.esteri.it/mae/tiny/29360.

[13] Ugur Aslanhan, "Turkey's Exports to Libya Jumped 58% in January-April", in *Anadolu Agency*, 15 May 2021, http://v.aa.com.tr/2242423.

[14] Luca Barana, Dario Cristiani and Asli Selin Okyay, "Beyond Stability: A United Libya will Not End the Migration Challenge for Italy and the EU", in *IAI Commentaries*, No. 21|33 (June 2021), https://www.iai.it/en/node/13686.

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Moreover, the economy alone cannot be regarded as a panacea of the multiple challenges facing Libya. The presence of mercenaries, both regular and irregular; the lack of a unified, national army; the ongoing struggles for power and the settlement of disputes among different armed factions are all factors that could disrupt this momentary window of opportunity. External influences and power games are moreover not resolved and may again intensify in the run-up to elections.

Independently from these risks, Italy's narrative and approach are not entirely misplaced. Reviving Libya's economy is a necessary, albeit not sufficient, step to move ahead in the process of stabilisation. In this regard, Italy is comparatively better placed than others to pursue this goal.

That said, Rome's moves have so far been one-sided and reactive. Firstly, Libya is a textbook case of a country in which political dynamics determine economic outcomes and business options. As such, without the capacity to influence political and military dynamics on the ground, this economy-first strategy will inevitably rest on fragile foundations.

Secondly, trying to exploit economic avenues opened by Haftar's defeat and the October 2020 ceasefire is a sound strategy. However, ways to consolidate these gains and to prevent the re-militarisation of the Libyan transition by addressing its root causes should also be pursued.

A more proactive *political* role is therefore needed. The main stumbling blocks to Libya's peaceful transition towards a new stable polity today pertain to the political and institutional realm. The current deadlock on the constitutional basis for elections risks derailing the entire process and would require renewed and more robust support by European capitals and the EU.

Italy and its European partners should speak up about the need to stick to the agreed roadmap and undertake the necessary preparatory steps to hold the elections, offering concrete help on electoral training and monitoring. Italy has all the political and diplomatic connections and resources needed for this, including a new Consul in Benghazi and a new Special Envoy to Libya. They are fundamental to engage the full spectrum of local and foreign players more systematically, including in the eastern part of the country.

Ultimately, only politics will be able to resolve Libya's ongoing troubles and Europeans should not shy away from assuming greater and more direct responsibilities in this domain, first and foremost in light of their own interests. While the economy is no doubt significant, Italy and Europe should not lose sight of the need to carefully balance the sequencing of politics across the economic, political and security tracks of the Libyan transition. Prioritising one dimension to the detriment of others could quickly return Libya to conflict and divisions, undermining Italy's efforts to enhance economic interdependence with Libya in the process.

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