Mediterranean Security Challenges, 
Terrorist Threats and Energy Issues: 
Italy and the Libyan Crisis of the 1980s

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ABSTRACT

Italy’s role in the Libyan-US clash caused by Muammar Gaddafi’s support for international terrorism in the mid-1980s is a controversial issue whose treatment by Italian historians and scholars has been made difficult by the lack of relevant and reliable sources. This paper, based on significant documents from Giulio Andreotti’s private papers, seeks to shed light on a highly critical moment for Italian foreign policy. The escalation of the Libyan-US crisis, which culminated in the armed clash in the Gulf of Sidra, the American bombing of Tripoli and Benghazi, and the Libyan missile launch against Lampedusa, overwhelmed the important political and economic initiatives that Italy had been patiently pursuing in Libya. Italy was torn between loyalty to the United States, Italy’s paramount ally and a prime target of terrorist attacks, and the need to protect national strategic and economic interests in the Mediterranean region. In the end, despite the evident political and economic drawbacks, Italy had no choice but to take a stand against Libya and back the US government’s hard-line policy.

1. The US-Libyan clash during the Reagan administration

The rise to power of Colonel Muammar Gaddafi, the leader of the Libyan Free Officers Movement that overthrew the monarchy of King Idris in 1969, brought about a radical change in the country’s political and economic conditions and a profound shift in its foreign policy. Libya’s international role and initiatives became a
major issue on the global agenda, increasingly to the consternation of the United States. Under the new regime, Libya, one of the world’s top ten countries for oil reserves, developed into an important economic power by nationalizing most of the foreign oil companies operating in the country and imposing sharply higher crude oil prices. Surging economic growth stoked Gaddafi’s aspirations to become the leader of the Arab world by pursuing a foreign policy marked by strongly anti-Western stances and rhetoric.¹

During the 1970s and 80s, the Libyan regime was accused of sponsoring a number of terrorist groups, mostly composed of Palestinian Arabs. Gaddafi justified terrorism, regarding these organizations as guerrilla forces fighting for the national liberation of their peoples. Full commitment to the Palestinian cause and support for the asymmetric warfare that Palestinian terrorists were waging mainly against Western and Israeli targets were crucial to Gaddafi’s international strategy aimed at gaining a central role in the Arab world. Gaddafi’s chances of success seemed to be inextricably linked to the Palestinian liberation struggle and the destruction of the State of Israel, which most Arabs considered a Western outpost in the Middle East and an obstacle to the full development of the Arab nation. The Libyan leader promoted a strong anti-Israel line and supported the so-called “Rejection Front,” which refused any agreement with Israel, completely denied Israel’s right to exist, and opposed any Arab government that supported the peace process (as in the case of Egypt, which negotiated a peace agreement with Israel at Camp David in 1978).²

Libya also developed close relations with the Soviet Union,

which was confronting the US globally and opposing Israel in the region. Libya’s friendship with the USSR did not stem from ideological proximity, but was functional to the consolidation of Gaddafi’s regime, whose antagonism to US policy in the Mediterranean and the Middle East the Soviet leaders deemed worthy of support. While Tripoli and Moscow did not sign a treaty of alliance or special relationship agreement, they had a mutual interest in taking anti-American and anti-Israeli positions – the Soviet Union to counter US strategies in the region, Libya to vie for leadership of the Arab world. As a result of this tactical convergence of interests, Moscow supplied Gaddafi’s regime with vast quantities of Soviet weapons which enabled Libya to became a major military power in Africa, capable of exerting pressure on its neighbours and destabilizing their governments with armed interventions (as in Chad in the mid-70s).

Libya’s support for international terrorism, partnership with Moscow and military interventionism at the regional level increasingly alarmed the US government, especially after Ronald Reagan, the Republican candidate, won the presidential election in 1980. Increasingly tense bilateral relations brought Tripoli and Washington close to collision on multiple occasions. In December 1979, a crowd of Libyan demonstrators stormed the US embassy in Tripoli, rallying in support of Ayatollah Khomeini’s anti-American policies in Iran, where Iranian students had seized the US embassy in Tehran and held the American personnel as hostages. In May 1981, the US government closed the Libyan diplomatic mission in Washington and expelled the Libyan staff in response to the alleged complicity of Gaddafi’s regime in murders of Libyan dissidents and exiles. In the following summer, Libya claimed that US naval forces had violated

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Libyan territorial waters in the Gulf of Sidra, where two aircraft carriers, the USS Forrestal and USS Nimitz, performed missile exercises. The US had deployed its warships to protect freedom of the seas and challenge Libya’s attempt to include the entire Gulf within Libyan territorial waters, in what Washington called a blatant violation of international law. On that occasion, American pilots shot down two Libyan fighters that had threatened the aircraft carriers. In March 1982, the US imposed an embargo on imports of Libyan oil, the country’s main source of income, in order to weaken Gaddafi’s rule and force the regime to retreat from regional destabilization and support for terrorism.4

Diplomatic retaliation, naval manoeuvres and oil sanctions were all measures that the Reagan administration deemed necessary in order to end Libya’s repeated breaches of international law. The White House viewed Gaddafi’s foreign policy as a threat to stability and peace in the Mediterranean and the Middle East, and Reagan was personally convinced that he was facing a “madman” whose goal was to disrupt the US positions in the region. It was crucial, therefore, to make Gaddafi understand that the US government would consider any harm inflicted on American citizens by his network of assassins and terrorists “an act of war.”5

As bilateral tensions mounted, a collision between the US and Libya seemed unavoidable. US strategy towards Gaddafi’s regime reached a crucial turning point at the end of 1985, following two major terrorist attacks at the airports of Rome and Vienna. The assailants were all Palestinian Arabs from the Fatah Revolutionary Council, a terrorist group founded in the 1970s by Abu Nidal (alias

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of Sabri Khalil al-Banna, one of the most radical leaders of the Palestinian struggle against Israel) and sponsored over the years by several Arab states, such as Iraq, Syria and then Libya. In Rome, four Abu Nidal terrorists attacked the El Al and Trans World Airlines ticket counters at Fiumicino International Airport, killing 13 people, including four US citizens, and wounding 80 before Italian police and Israeli security guards killed three of the gunmen and captured the fourth. In Vienna, three Abu Nidal terrorists attacked the El Al ticket counter at Schwechat airport, killing three people and wounding 39; Austrian police killed one of the gunmen and captured the others. The investigations in Italy and Austria collected preliminary evidence that suggested a possible link between the assailants and Libyan authorities. Tripoli denied any responsibility, though the Libyan government did speak of “heroic operations carried out by the sons of the martyrs of Sabra and Shatila” (referring to the massacre of Palestinian refugees in Lebanon in 1982 carried out by a militia close to the Maronite Christian party, known as the Phalange, in plain sight of the Israel Defense Forces). For the US government, instead, the investigations’ findings were “conclusive proof” of Libyan involvement in the attacks.6

At first, the Reagan administration decided to ratchet up economic sanctions against Libya, cutting off trade and freezing Libyan assets in the US.7 In addition, it sent three more aircraft carriers and other warships to the Mediterranean for military exercises in the Gulf of Sidra, to show Gaddafi that the White House was ready to

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throw a “hell of a punch” unless he stopped supporting terrorism. Libya’s reaction to the US naval operations prompted the Reagan administration to resort to force. On March 24, 1986, Libyan forces launched some surface-to-air missiles against the US fleet, which responded with an aerial attack on Libyan military targets (ships, aircrafts, radar stations and missile launch pads). Libyan authorities threatened further retaliation and announced that, as long as the US aggression continued, they would regard “any American citizen or American interest” and “any American NATO bases” as “enemy targets.” On April 5, in West Berlin, a bomb exploded in a nightclub crowded with US soldiers, killing two men and a woman and injuring 230 people. The US immediately accused the Libyan secret services of being involved in the terrorist attack, and on April 14 President Reagan ordered retaliatory airstrikes on Tripoli and Benghazi. Operation “El Dorado Canyon,” as it was code-named, aimed at destroying the major military installations and intelligence centres of the Libyan regime and, most likely, at killing Gaddafi, whose rule Reagan considered a sort of Arab version of the “Evil Empire.”

The attack on Libya marked a breakthrough in US strategy against terrorism. As Reagan declared on television the very evening of the airstrikes, the US government would not ignore the killing of American civilians and soldiers any longer, and would respond to any violence perpetrated on direct order of a hostile regime. “I warned [Gaddafi],” the president said, “that there should be no

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place on Earth where terrorists can rest and train and practice their deadly skills. I meant it. I said that we would act with others, if possible, and alone if necessary, to ensure that terrorists have no sanctuary anywhere. Tonight, we have.”

2. Italy and the US-Libyan conflict in the Mediterranean

From the inception of Gaddafi’s regime, Italy’s bilateral relations with Libya had undergone bouts of strain and tension. Gaddafi exploited the anti-Italian sentiment that had spread among Libyans since Italian colonization earlier in the century in order to forge a broad national consensus. Colonial rule, especially the brutality of the Fascist “pacification campaign,” had left a legacy of resentment and distrust that the Libyan leader fanned with troublesome and sometimes outrageous behaviour. After the 1969 coup, Gaddafi introduced harsh measures against the local Italian community, expelling Italian nationals who had been living in Libya for decades and confiscating all their property, and repeatedly demanded compensation for the losses and damage that the Libyan population had suffered under colonial rule and during World War II. Nevertheless, Italy’s governments patiently moderated the rhetoric of confrontation and continued to deal with Gaddafi’s regime on a normal footing, seeking to avoid bilateral crises that might cause a breakdown of dialogue and partnership with Libya. This stance reflected political and economic concerns, as close cooperation with Libya was deemed “essential” to the defence of Italy’s strategic interests in the Mediterranean, despite all the ups and downs in bilateral relations.

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Economics were at the heart of those relations, with Libya providing a source of oil to meet part of Italy’s energy requirement and an attractive export market for key Italian industries. Involvement in the development and exploitation of Libya’s petroleum sector strongly motivated a succession of Italian governments to maintain good relations with Gaddafi’s regime. While it expelled the Italian community, the Libyan government promoted the advantages of direct Italian-Libyan cooperation in the oil sector. Imports of crude oil from Libya undoubtedly helped Italy to contend with the upheaval in the international oil market caused by the oil price shocks of the 1970s. The Italian oil company AGIP (the exploration arm of Italy’s national energy company, ENI) discovered several enormous oil fields in waters northwest of Tripoli with estimated recoverable reserves of 5 billion barrels. In return for developing and exploiting this area, AGIP would receive 19 per cent of future production under its agreement with the Libyan national oil company. At the beginning of the 1980s, ENI’s engineering subsidiary, SNAMPROGETTI, was awarded a contract for a 30-well, 150,000 barrel per day (b/d) platform in one of the offshore areas, the Bouri oilfields. Initial output was scheduled at 75,000 b/d by 1986, and four additional platforms were planned for subsequent years, so that Italy’s equity share of Bouri production would total more than 100,000 b/d. Italian firms were also involved in the growing Libyan petrochemical sector, as in the case of Ras Lanouf petrochemicals complex, whose realization, including the construction of a 220,000 b/d refinery, was mainly undertaken by SAIPEM, another ENI subsidiary, together with other Italian companies. In addition to ENI and its subsidiaries, some of Italy’s major manufacturing companies, including FIAT, Montedison, Olivetti, Breda, Impregilo, Lodigiani and Astaldi, were active in Libya. Surging economic growth fostered the modernization of Libya, which the government entrusted principally to foreign companies, including several Italian firms. The combination of Libya’s desire for rapid development and Italian companies’ search for new markets produced an important trade and economic partnership between the two countries. Military trade was part of the equation,
with Libya providing a lucrative market for Italian arms manufacturers. In the mid-70s, Italy concluded quite a few arms deals with the Libyan regime, and military-related exports rose to several hundred million dollars a year. To sum up, Italy had a substantial interest in maintaining cooperative relations with Libya, given the advantageous situation in the oil and trade sectors, revenues amounting to billions of dollars, and Libya’s crucial importance as a source to meet Italy’s energy requirement.14

Italy also sought to keep its relationship with the Libyan regime on a normal footing as long as possible for reasons that had little to do with commercial interests: political and security interests were also factors. According to Italian authorities, there were “negative advantages” to dealing with Gaddafi: engagement kept the Libyan leader from committing acts harmful to Italy that he might pursue if relations deteriorated. Gaddafi had the capability to threaten Italy and its interests in several ways, and certainly had no qualms about exploiting his position as a “threat from the South”. Italian government officials were worried about the vulnerability of Italian citizens working in Libya, who could be held hostage in retaliation for a possible US strike against Gaddafi’s regime. During the 1970s, after the expulsion of the thousands of long-term Italian settlers, Italian workers had begun to stream to Libya again. The new arrivals were all technicians and skilled workers employed by Italian companies that had won government contracts. They grew steadily to reach 16,000 in 1978. The number then dropped back to 10,000 in the first half of the 80s, but they still constituted the largest community of Italian workers abroad, one whose safety had to be ensured in the event of military confrontation between Libya and the

US.\textsuperscript{15} Italian defence officials were also concerned about the possibility of Libyan retaliation against Italian territory, especially in the south of the country, conjecturing that local air defences might be inadequate for the defence of Italian, US and NATO military bases in Sicily.\textsuperscript{16}

As US-Libyan tensions spiralled during the 80s, Rome grew increasingly concerned about Libya’s ability to use military and political means to threaten Italian interests. The Italian government, headed in the mid-80s by the Socialist leader Bettino Craxi, with the Christian Democrat Giulio Andreotti as foreign minister, came under considerable pressure. Italy found itself literally trapped in a political dilemma between the duty of loyalty to the US and the need to protect national strategic and economic interests in the Mediterranean.

Craxi and Andreotti, faced with a difficult choice, tried to fashion political solutions in order to prevent military escalation. Before the crisis finally erupted, Andreotti made a personal effort to favour the resumption of dialogue between Washington and Tripoli. He paid an official visit to Libya in February 1984 to meet Gaddafi, whom he advised to establish direct contact with President Reagan and his closest associates with a view to clearing up any misunderstandings.\textsuperscript{17} The direct channel seemed to be quickly opened through secret exploratory talks the following spring. Unfortunately, no progress was made, because, in the version that the Libyan authorities offered to some Italian officials, the US government totally failed to understand Libyan policy and politics.\textsuperscript{18}

\textsuperscript{15} ASILS, AGA, Serie Libia, box 1318: Memorandum of the Ministry of Foreign Affairs on the Italian community in Libya, Rome, January 3, 1986; Memorandum of the Ministry of Foreign Affairs on the safety of the Italian community in Libya, Rome, January 3, 1986.


\textsuperscript{18} Quaroni to Bottai, Tripoli, June 20, 1984, in M. Bucarelli, L. Micheletta (eds.), Andreotti e Gheddafi. Lettere e documenti, cit., Doc. 15.
At the end of July 1984, Andreotti made another official visit to Libya and met with Gaddafi again. The growing tension between Washington and Tripoli was at the top of the agenda. Gaddafi complained that the Reagan administration was pursuing a provocative policy towards Libya while unconditionally supporting Israel. He affirmed that he was not conducting a pro-Soviet policy, as his political beliefs and religious convictions were incompatible with the anti-religious policy and state atheism enforced by the Soviet government. He denied he had given any support for terrorism, while drawing a distinction between terrorism and national liberation movements. Gaddafi asked Andreotti to let Reagan know his thoughts and his willingness to resume direct bilateral contacts. Andreotti’s response was positive, provided the Libyan leader was not averse to submitting the Gulf of Sidra case to an international court and to supporting a Middle East peace process based on mutual recognition between Israel and the Palestine Liberation Organization.19

Foreign Minister Andreotti visited the United States in mid-August 1984 on the occasion of the Summer Olympics in Los Angeles, where he met with Reagan and Secretary of State George P. Shultz and delivered to the president a copy of Gaddafi’s “Green Book,” in which the Libyan leader expounded his political thought and governing principles. Gaddafi’s words about reviving the direct dialogue, which Andreotti reported to Reagan, seemed to arouse the president’s interest, but only if Libya would follow words with concrete actions.20 In the subsequent months, however, the secret channel languished and again failed to produce tangible results. In November 1985, thanks to the good offices of the Italian government, US Ambassador to the Vatican William A. Wilson, a California

businessman and close personal friend of Reagan, made a secret trip to Libya and met with government officials including Gaddafi. Wilson was of the view that the White House would welcome commitments from Libya to disengage from Chad, assurances that Libya would cease threatening the territorial integrity of its neighbours, and a firm commitment not to aid international terrorism. Wilson undertook to sound out the US government on the possibility of a US envoy meeting the Libyan foreign minister, Ali Abdussalam Treki, to discuss these matters. Nevertheless, at the end of 1985, the escalation of the US-Libyan crisis following the terrorist attacks in Rome and Vienna made the gap between Tripoli and Washington unbridgeable. At the beginning of February 1986, when the US government had already approved the naval manoeuvres in the Gulf of Sidra, Secretary of State Shultz summoned Wilson and ordered him to put an end to any personal initiative in Libya.21

Having failed to prevent the outbreak of the crisis, Italy sought to avoid being overwhelmed by its economic and political consequences. The government tried to sidestep clear and divisive choices and pursued a “two-track” policy,22 aimed at mitigating the fallout on Italian-Libyan bilateral relations without retreating in the fight against international terrorism.23 Craxi and Andreotti discussed the US-Libyan crisis with US Undersecretary of State John Whitehead on January 17, 1986, in Rome. Reagan had tasked Whitehead with explaining to the European allies the US government’s view on Libya’s responsibilities for the terrorist attacks at the Rome and Vienna airports, and urging them to support the US strategy towards Libya.24 Craxi and Andreotti said they were opposed to the use of

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22 F. Martini, Nome in codice: Ulisse, cit., p. 244.


24 ASILS, AGA, Serie Libia, box 1307: Petrignani to Andreotti, Washington D.C., January
force and insisted on the need to find a political solution, which included the resumption of the Arab-Israeli peace process. They stressed that Italy’s assessment of and approach to international terrorism partly diverged from America’s counter-terrorism strategy. The Reagan administration essentially considered terrorism a matter of national security that demanded the use of force regardless of the underlying causes. By contrast, the Italians argued that it was precisely the failure to understand its political roots, and to begin with the inability to solve the Israeli-Palestinian conflict, that bred and fuelled terrorism. Gaddafi, they said, was just exploiting the political uncertainty and instability of the Middle East to build his leadership of the Arab world. If the use of force against Gaddafi’s regime were the only US response to terrorism, without a commitment to a just peace in the Middle East, the Arabs would continue to view the Americans and their Western partners as enemies.\(^{25}\)

Italy also held parallel talks with the Libyan government. In early March 1986, Andreotti sent Alessandro Quaroni (ambassador to Libya until the beginning of 1985 and then chief of staff of Renato Ruggiero, the secretary-general of the Ministry of Foreign Affairs) on a diplomatic mission to Tripoli. Quaroni met with Abdessalam Jallud, Gaddafi’s closest associate, to explain Italy’s position and urge Libya to take a firm stance against terrorism. Jallud replied by denying any Libyan involvement with terrorism and blaming the United States for its “indiscriminate and preconceived” hostility. He also sharply criticized Italy for its loyalty to the US government and for hosting the military bases from which the US naval operations in the Gulf of Sidra had begun, and he renewed the threat of retaliatory strikes against those bases in case of conflict with the US.\(^{26}\)


At the end of March, after the clash in the Gulf of Sidra, Italy made a further diplomatic effort to prevent a large-scale military conflict on Italy’s doorstep in the Mediterranean. On March 30, Andreotti discussed developments in the US-Libyan crisis with Secretary of State Shultz in Rome. The Italian foreign minister said that Italy totally condemned Gaddafi’s authoritarian regime, but he insisted on the need for the US to keep the dialogue with Libya alive and proposed that Tripoli and Washington submit the Gulf of Sidra case to the International Court of Justice in The Hague. Shultz replied in the negative, as the US government had no faith in Gaddafi’s reliability: “Gaddafi is an outlaw,” Shultz said, “and [...] you don’t argue with outlaws in court.” Gaddafi’s foreign policy was there for all to see: he sponsored international terrorism and opposed all those who wanted peace in the Middle East and in the Mediterranean: “Time has come,” he added, “to isolate Gaddafi.”27

After the nightclub bombing in West Berlin, Craxi and Andreotti made a final attempt to head off a war by meeting with General Vernon Walters, US ambassador to the United Nations. At the request of the President Reagan, Walters visited Western Europe in mid-April to consult with America’s main allies.28 He met with Craxi and then with Andreotti in Rome on April 14, a few hours before the air strikes on Tripoli and Benghazi. The talks were not an exchange of views, but in fact a briefing on America’s decision to use force against Libya. Craxi considered the military option that the Reagan administration had planned “a great mistake.” Air raids, he argued, would leave Gaddafi in power and strengthen his image among the Arabs. Craxi actually was not averse to a military intervention, but only if it was decisive and overthrew Gaddafi’s regime. It would have been preferable, therefore, to take some time to politically iso-

late Gaddafi from the Arab countries and let Italy economically disengage from Libya. In contrast to Craxi, who did not totally dismiss the possibility of using force at a later date, Andreotti strongly disapproved of a military option then and in the future, advocating a political solution to the crisis, which could be sought by asking the United Nations to condemn Libyan terrorism.

The last attempt to avert a US-Libyan clash in the Mediterranean proved futile. The Reagan administration’s firm resolve left no room for political and diplomatic manoeuvre. Italy’s cabinet had no choice but to try to mitigate the political and economic effects of the American military intervention against Libya. During the night between April 14 and 15, US air forces bombed Libyan military bases and installations, a training camp, the secret service headquarters and the Bab Al Izizia barracks and compound in Tripoli (one of Gaddafi’s main residences). Gaddafi, however, remained unharmed and retained control of the country. Libya retaliated on April 15 by launching two missiles at a US radar station on the Italian island of Lampedusa, without hitting the target or causing damage. During the air strikes, Italy tried not to take sides, criticizing America’s unilateral intervention while reminding the Libyan government of its responsibilities for sponsoring terrorism. But after the Libyan missile attack on Lampedusa, the Italian government stiffened its stance towards Libya, warning Tripoli that further attacks against Italian soil could bring a military response and that Italy might fire first if faced with a direct threat.

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29 Memorandum of Conversation between Craxi and Walters, Rome, April 14, 1986, in M. Bucarelli, L. Micheletta (eds.), Andreotti e Gheddafi. Lettere e documenti, cit., Doc. 45.
As a consequence of the US intervention and of the Libyan reprisal, in the short run Italy had no choice but to take a stand against Libya and side with the hard-line policy of the Reagan administration. At the 12th summit meeting of the Group of Seven leading industrialized countries held in Tokyo in early May 1986, America’s unyielding position on the Libyan issue prevailed over all other considerations. The G7 leaders, including Italy’s Bettino Craxi, issued a statement on international terrorism, condemning all forms of terrorism and pledging to “make maximum efforts to fight against that scourge” and take concrete actions against all those States, “in particular Libya,” that sponsored or supported international terrorism. The G7 statement (with all the measures that were approved during the summit, such as the ban on arms sales and the reduction of diplomatic and consular missions and of any other official bodies abroad) was the result of the collective action against terrorism that the US had been demanding for months (if not years). Italy’s search for dialogue and attempt at mediation had failed to bear fruit. The escalation of the US-Libyan crisis made it impossible for Italy to strike a balance between the duty of loyalty to the US and the need to protect national interests. The events of those months demanded that Italy choose between Washington and Tripoli and take a harder stance towards Libya, which was exactly what the Italian government had long sought to avoid.

3. Attempts at reconciliation: the Italian-Libyan agreement of 1991

The US-Libyan clash did not lead to a total breakdown in bilateral relations between Rome and Tripoli, but without doubt it ad-
versely affected the economic partnership. The Italian government decided to take some time to reassess Italy’s overall relationship with Libya. In May 1986, Craxi ordered ENI not to renew its contract for the purchase of Libyan crude oil and to limit its imports only to the amounts that had been agreed in order to offset the credits claimed by Italian companies operating in Libya. In response, the Libyan government halted all oil exports to Italy, including those for credit offsets, and made the resumption of supplies contingent on the renewal of the ENI contract. Libya’s move did not only jeopardized economic cooperation between Rome and Tripoli; it prompted a critical reappraisal of Italy’s national energy plan and led Italy to reduce oil imports from Libya. In October 1986, ENI’s president, Franco Reviglio, wrote to Andreotti to express concern about the detrimental impact that this retaliatory spiral would have on ENI’s activities in Libya, and his fears that Gaddafi’s regime might take further “disruptive decisions” against ENI and its subsidiaries. At that time, ENI was the only foreign oil company with significant operations in Libya and Italy was by far Libya’s leading partner in the energy sector, importing almost 25% of the country’s total oil output. The hardening of Libyan positions was putting ENI’s operations at risk, Reviglio stressed, and a further escalation might result in the nationalization of AGIP’s activities in Libya. In the following years, Libyan officials made it clear on several occasions that the normalization of economic relations depended on the normalization of political relations. In 1988, Gaddafi threatened to stop all financial deals and trade with Italy, and both Gaddafi and

40 Martini to Andreotti, Rome, July 4, 1986; Andreotti’s Note on a Conversation with Treki, September 1986; Attolico to Andreotti, October 15, 1986, ibid., Docs. 52, 54 and 55.
Jallud again raised the issue of compensation for the losses and damages suffered by the Libyan population under Italian colonial rule.41 But America policy towards Libya again rendered the solution of bilateral political and economic issues difficult and uncertain, even though the Italian government was not averse to normalization and was ready to resume dialogue at the political level. Reagan and his successor, George H.W. Bush, elected president in 1988, continued to regard Gaddafi’s regime as a threat to national security and to American interests in the Mediterranean and the Middle East. According to US officials, Gaddafi continued to be involved in international terrorism, and they pointed to evidence showing that Libya had acquired a chemical weapons production facility in Rabta, near Tripoli. The Americans urged their European partners, especially Italy, to continue to apply sanctions against Gaddafi’s regime and to avoid giving Tripoli the impression that they were reducing the pressure on Libya. The US government stressed that only the isolation in which Libya had been held since 1986 had contributed “to containing Gaddafi.” Lifting sanctions, therefore, would encourage Gaddafi to resume his dangerous activities, because, the US officials argued, he had not changed his goals, but only “learned to be more cautious.”42

Once again, Italy tried to keep the crisis from escalating and acted as mediator between Tripoli and Washington. According to the Italian Military Intelligence and Security Service (SISMI), the evidence regarding the Libyan capabilities to produce chemical weapons were not “decisive,” but “inflated” and “vague.” On the contrary, SISMI officials judged that Libya was far from being able to start producing chemical weapons and to acquire, “not even in

the medium term,” an autonomous nuclear capability for civilian uses and even less for military purposes. Foreign Minister Andreotti discussed these issues with Jallud in Rome at the end of November 1988. Jallud said that the Libyan government was prepared to accept verification for the Rabta facility and inspections by qualified experts, and suggested that the verification arrangements be discussed at the Conference on Chemical Weapons set to convene in Paris in January 1989. Andreotti conveyed the Libyan assurances to Secretary of State Shultz, and added that Jallud had asked him to report Libya’s willingness to make direct contact with the US government “in order to mitigate the frequent misunderstandings and tensions between the two countries.” Shultz turned this down. Writing to Andreotti on January 3, 1989, he said that the US government had yet to see any concrete sign of Libya’s goodwill: “Any one-time or temporary inspection,” he added, “could not satisfy US concerns, since such a facility could be quickly switched to the production of toxic chemical agents. Dismantlement of the facility is the means of solving the problem.” Given Gaddafi’s record of irresponsible behaviour, the US government, Shultz concluded, had no confidence in the Libyan regime.

Towards the end of the decade, Libyan support for terrorism provoked another major crisis. On December 21, 1988, Pan Am Flight 103 from London to New York exploded over Lockerbie, Scotland, when a bomb on board detonated, killing 270 people, mostly American and British nationals. The event recalled to the minds of American leaders and the public “all the past demons” of interna-

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tional terrorism, with Gaddafi in the forefront. On September 19, 1989, a French airliner, UTA Flight 772, on route from Brazzaville, Congo, to Paris via Chad, exploded above the Ténéré desert in Niger, causing the death of 170 passengers and crew members, again due to a bomb on board. In 1991, the investigations by the US, British and French authorities led to the indictment of some Libyan intelligence agents, whom Libya refused to extradite. As a result, the United Nations decided to isolate Gaddafi’s regime, condemning Libya for the Lockerbie and Niger disasters. UN Security Council Resolution 748 of March 31, 1992 imposed a wide range of aviation, arms and diplomatic sanctions on Libya until such time as Libya renounced terrorism and ensured the appearance of those charged with the Pan Am and UTA bombings before judicial authorities in the United Kingdom, the United States and France.

While spiralling US-Libyan tensions were leading to the international condemnation and diplomatic isolation of Gaddafi’s regime, the Italian government, headed by Andreotti since July 1989, with Gianni De Michelis, a Socialist, as foreign minister, persisted in following the path of dialogue and entered into talks with Libyan officials. Italy’s priorities had not basically changed: the Italian government continued to be concerned about regional stability in the Mediterranean, national security, national economic interests, and the safety of Italian citizens working in Libya. While negotiating with Libyan officials, the Italian government had to contend, on one side, with American pressure against a possible agreement between Rome and Tripoli, and, on the other, with Gaddafi’s persistent com-

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plaints about the colonial past and Italy’s alignment with the US administration.⁴⁹ Italy and Libya nevertheless managed to reach an agreement in June 1991 to normalize their bilateral relations and re-launch their economic partnership, for political and economic cooperation was as important to Rome as it was to Tripoli.⁵⁰ A series of international developments in Europe and the Middle East between 1989 and 1991 fostered the successful conclusion of the Italian-Libyan talks. The end of the Cold War, following the fall of the Berlin Wall and the collapse of the communist regimes in Eastern Europe, and the First Gulf War, which a US-led UN coalition fought against Saddam Hussein’s Iraqi regime in order to liberate Kuwait, altered the balance of power in the Middle East and the Arab world. The loss of Soviet support and the demise of the Soviet bloc spurred Gaddafi to move even closer to Italy and to ask Italian officials to mediate between Tripoli and Western Europe. Gaddafi’s decision to condemn the Iraqi invasion of Kuwait seemed to justify a partial rehabilitation of the Libyan regime and further encouraged Italy’s efforts to normalize bilateral relations.⁵¹

The international isolation to which the UN Security Council resolution had condemned Libya for its involvement in the Lockerbie and Niger bombings seemed to imperil the implementation of the agreement of June 1991. In April 1992, as the resolution came into effect, Italy had to comply and adopted sanctions against Libya, with inevitably detrimental effects on bilateral economic and trade relations and political cooperation. However, toward the end of the 1990s, after the international tensions caused by Gaddafi’s regime had abated, Rome and Tripoli resumed bilateral talks, which, based on the agreement of 1991, produced definitive reconciliation with

⁴⁹ Bottai to Andreotti, Rome, April 17, 1989; Reitano to the Ministry of Foreign Affairs, Tripoli, October 8, 1989, ibid., Docs. 75 and 78.
⁵⁰ Memorandum of Conversations between De Michelas and Ferjani, Rome, February 10, 1989; Testori to Andreotti, Rome, October 9, 1990, and Tripoli, June 5, 1991; Minutes of the Meeting between Andreotti and Gaddafi, Tripoli, June 5, 1991, ibid., Docs. 80, 81, 85 and 86.
the 1998 Italian-Libyan Joint Statement and the 2008 Treaty of Friendship, Partnership and Cooperation.52

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