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TRADE AND PEACE: THE EU AND GADDAFI'S FINAL DECADE

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Abstract

This paper examines the effectiveness of the EU's use of trade to inducing peace in Libya during Gaddafi's final ten years in power, between 2001 and 2011. During this period, the EU implored and reiterated through rhetoric, policy and the exchange of goods and services that trade was to be used as a tool to maintain peace and prevent conflict. However, this paper identifies how this EU policy flopped, specifically due to the policy's failure to take into account the Libyan context, specifically: the Middle Eastern state's ethnographic and historical makeup, WMD program induced sanctions, Gaddafi's rule and the 2011 conflict, each of which amalgamated to ongoing conflict in Libya during Gaddafi's final decade in power.

Introduction

Since its foundation in 1951, the European Union (EU) has believed that economic integration leads to peace. This ethos, declared by the French Foreign Minister and one of the founding fathers of the EU, Robert Schuman on May 9, 1950 is based on the notion that the pooling and free flow of resources eliminates the potential for conflict.¹ This peace-through-trade idea was initially concerned with inter-EU member state ties and was then extrapolated to include extra-EU member state relations.² In practice however, this policy has not always been successful. In order to assess this EU peace-through-trade-policy, this paper adopts a case study analysis of EU-Libyan ties between 2001 and 2011. This novel approach of assessing EU-Libyan ties during this timeframe sheds light on how the historical makeup of Libya, Weapons of Mass Destruction (WMDs) and sanctions, Muammar Gaddafi's rule and the 2011 conflict led to a failure of the policy.

This study focuses on this period as it marks a particularly low point in the total value of EU-Libyan trade (at \$13.12 billion in 2001), notably even lower than the corresponding figure during the 2011 conflict (\$17.45 billion).³ Further, this study captures the 2003 Libyan decision to roll back the WMD program, leading to a respite in sanctions against Tripoli and a growing EU-Libyan trade trajectory as a result – a positive development for the peace-through-trade-policy. This paper ends its analysis in 2011 following the removal of the Libyan Leader, Gaddafi. As a result, this paper contributes to the understanding of how and why, in spite of the EU's peace-through-trade-policy and the softening Libyan stance, this EU policy failed in this case. Furthermore, this study also provides some reflections as to what this means for the peace-through-trade relationship in general.

During the timeframe concerned, the EU implemented the 2004 European Neighborhood Policy (ENP) which aimed to improve political and economic relations with Mediterranean states, including Libya.⁴ Additionally, EU-Libyan ties were under the remit of the 1995-08 Barcelona Process, which further emphasized the benefits of economic integration between the EU and its neighbors.⁵ Then in 2008, the Barcelona Process developed into the

European-Mediterranean Agreement (EUROMED),⁶ with Libya being an ‘observer’ of this framework,⁷ referred to as the 1995/2008 EUROMED henceforth. Further, the 1993 Common Foreign and Security Policy (CFSP)⁸ was consolidated into the 2010 European External Action Service (EEAS), which also promoted the EU’s peace-through-trade-policy towards foreign actors.⁹

Libya also signed the 2008 EU-Libyan Memorandum of Understanding (MoU) during this timeframe.¹⁰ Further, amidst the 2008 global recession, Libya refreshed the MoU and the 2010 Migration Cooperation Agenda (MCA).¹¹ In 2011, the protests and Libyan conflict which led to the death of Gaddafi,¹² resulted in a fall in EU-Libyan trade with Libyan imports hitting \$2.91 billion (the lowest level since 2001) and exports dipping to \$14.54 (the lowest since 2003).¹³

Specifically, this study examines how the EU was unable to account for the environment in which it implemented the peace-through-trade-policy and demonstrates how the policy failed in this case. It does so by initially tracking the foundation and development of the EU’s peace-through-trade-policy, the Libyan context, the impact of the 1996 United States of America’s (US) Iran and Libya Sanctions Act (ILSA), Gaddafi’s WMD program, the 1995/2008 EUROMED, 2004 ENP and the 2011 unrest. It is important to note that US policy towards Libya also impacted the EU’s peace-through-trade-policy in this case. As a result, the US role and its impact on the EU’s policy is highlighted throughout this paper.

For the purpose of this study, trade is measured by analyzing recorded EU-Libyan import and export levels in this period.¹⁴ It is worth noting that these figures are published by the EU as an aggregation of European member state-Libyan trade levels. This indicates that this trade was carried out on a country-country (EU member-Libya) basis as opposed to a union-country (EU-Libya) basis. Therefore, EU member interests are what drove these trade transactions with Libya. Further, one of the main criticisms of the EU’s inability to adopt a coherent foreign policy in this period was the internal rivalries between member states and EU institutional (European Parliament, European Council and European Commission)

interests. However, the focus of this paper is to identify why recorded EU-Libyan trade was unable to prevent conflict in Libya. Thus, for the purpose of this paper, the aggregated EU member trade levels with Libya (2001-11) represented the EU-Libyan trade relationship.

Finally, this paper assesses the competence of the EU's peace-through-trade-policy. Therefore, its definition of peace is taken from the EU's policy itself. Specifically, the EU identifies that peace will ensue once barriers preventing its realization are removed. This includes non-proliferation of WMDs,¹⁵ support for terrorist groups,¹⁶ political and public freedom of expression and assembly and an end to civil conflict.¹⁷ This paper defines Libya in a state of peace when the listed EU barriers are removed. It follows that if the EU was able to alleviate these peace concerns through trade, then it would have achieved peace in Libya. As a result, this study identifies the reasons for this policy failure and provides points to consider in order to facilitate peace-through-trade-policy success in the future. Namely the need to consider the political environment in which it is operating. The theoretical foundations of the trade-peace relationship are explored in the following section.

Peace-Through-Trade Literature

Before addressing the debate between trade and peace, it is important to define the key terms. Rather unambiguously, 'trade' is defined as the exchange of goods and services, and this study focuses on public and private sector 2001-11 EU-Libyan trade. The term 'peace' on the other hand requires more clarification.

As noted in the introduction, this work uses the EU policy's definition, i.e. the removal of barriers to peace, to test the peace-through-trade-policy. This definition is grounded in literature in the field. Notably, Hobbes determined that in order for two actors to be at peace they must act 'towards each other as they would allow for against themselves'.¹⁸ Galtung also noted that in order for a country to be in a state of peace, there must be an agreement to do so.¹⁹ That being said, it is possible for conflict to take place when peace agreements are active. Further, Bercovitch and Jackson define conflict as 'a perception of incompatibility between two or more actors and the range of behavior associated with such perceptions'.²⁰

The 'perceptions' here are very broad by nature and it is therefore necessary to focus this definition. By adapting and refining these definitions, this study operates under the assumption that Libya is in a state of peace/not in a state of conflict if it is pursuing the EU's stated strategies which prevent peace, including being involved in civil conflict.

Broadly speaking, there are two main sides to the peace-through-trade literature debate, one which asserts that the two variables are positively correlated and the other posits the opposite.²¹ The former is generally considered to be operating under the liberal positive-sum assumption, which attributes a positive outcome to increased state interaction (in the form of trade in this case). Whilst the latter operates under the realist zero-sum rule, concerned with the conservative nature of inter-state trade and fosters an environment of competition between the actors involved so that they can maximize their trade surplus with one another.²²

Specifically, these theoretical standpoints operate under a different set of assumptions as to how the mechanisms of the trade-peace relationship operate. As Barbieri and Schneider note, from the liberal positive-sum perspective, the 'increased contact associated with greater trade ties promotes peace and unifies states'.²³ This is borne out of the assumption put forward by Smith that when two actors trade with one another, they benefit from mutual 'enrichment'.²⁴ Therefore, the EU is concerned with this 'increased contact' through trade, which in turn leads to mutual benefits, in the form of peace in this instance.

Conversely, the realist zero-sum approach as summarized by Schneider, Barbieri and Gleditsch, denotes that the prospect of 'feeding a potential enemy through the intensification of trade is the major impediment to any attempt to create lasting ... trade relations between nonaligned states'.²⁵ This notion is entrenched in the assumption that an increase in trade results in the asymmetric distribution of gains. This results in what Hocking and McGuire describe as one country attaining a 'surplus' and therefore being a 'winner', whilst the other country's resultant 'deficit' makes it a 'loser' in the trade relationship.²⁶

This relationship has been put to the test by previous studies which demonstrate how the peace-through-trade-policy has a positive correlation.²⁷ Specifically, Kinnie assessed the impact that third party actors had on conflict between two states, which share trade ties with the same third party. Kinnie concluded that a potential instigator of conflict 'lowers its likelihood of using force' as trade rises between itself and the third party.²⁸ Kinnie's observation is based on the fact that the third party and potential instigator's trade ties provide an 'avenue of influence: by threatening actions or policies that endanger this tie [such as...] sanctions, quotas, embargoes, seizures, blockades, etc'.²⁹ However, this conclusion was based on the Correlates Of War (COW) database to measure peace,³⁰ which records instances of conflict. The problem with using this type of information to measure peace is that it provides a snapshot of the environment concerned and fails to take into account the context (i.e. the historical makeup of the country or the existence of peace agreements during times of conflict). As a result it is necessary to include a qualitative analysis of these factors in order to gain a better understanding of the peace-through-trade relationship in general and the causes of conflict in particular. Gartzke's study also finds that trade and peace have a positive relationship as he determined that a liberal economy (and increased trade) 'lead nations closer together [and...] down grade historic territorial animosities'.³¹

On the other side of the debate, scholars have purported a negative correlation between trade and peace.³² For example, Reuveny argued that the asymmetry of trade between Israel and Palestine warrant the need for economic separation (which extends to limiting trade).³³ However, Reuveny does not take into account the fact that historical grievances between Israel and Palestine are deeply entrenched in this case. As a result, an economic policy designed to ameliorate conflict between the two actors must overcome the historical contextual barriers when considering the link between trade and peace. Similarly Barbieri comes to the same conclusion using the COW database. The issue once more with Barbieri's measure for peace is not only that it records instances of conflict, such as threats,

displays and use of military force,³⁴ but it fails to take into account non-military force which may lead to conflict. Therefore it is necessary to account for the context as well as the type of conflict when determining the peace-through-trade correlation of a given case.

On the issue of regime types, Gasiorowski and Polachek's study, in the context of East-West ties during the Cold War, found that increased trade and interdependence had a positive impact on ameliorating conflict.³⁵ Additionally, Barbieri's work identifies that the proponents of the peace-through-trade policy contend that trade is 'a means to overcome regime, cultural, and other national divisions'.³⁶ The remit of this paper is such that whilst it is implicitly concerned with this 'regime type' aspect of the trade-peace literature, it is primarily focused on the impact of trade on peace, no matter what the circumstance (see the EU's peace-through-trade-policy for detail). Therefore, its conclusions are solely focused on the trade-peace element in the literature, in the hope that future studies will center their attention on the 'regime type' aspect.

In order to overcome these issues, this study combines a qualitative analysis (of the political developments which took place in the period concerned) whilst incorporating quantitative data (i.e. EU-Libyan trade levels). As a result, the argument integrates the context into its analysis by examining the political and economic developments which prevented EU trade from leading to peace in 2001-11 Libya.

The EU's Peace-through-trade-policy

The EU's belief in the peace-through-trade relationship is fundamental to its foundation. Indeed, Schuman's 1950 declaration was made with reference to Franco-German competition over coal and steel, something he identified as being a source of conflict between the two powers.³⁷ This vision was born under the EU's 1951 Paris Treaty, which:

Resolved to substitute for age-old rivals [France and Germany] the merging of their essential interests; to create, by establishing an economic community, the basis for a broader and

deeper community among peoples long divided by bloody conflicts; and to lay the foundations for institutions which will give direction to a destiny henceforth shared.³⁸

This idea of a shared destiny progressed under the 1957 Rome Treaty when member states were instructed to work together to maintain international peace and security.³⁹ However, with regards to foreign policy making, the member states still lacked a united banner under which to operate. This drove the need to establish, under the 1970 European Political Cooperation policy (EPC), a:

Common conviction that a Europe composed of States [...] are united in their essential interests [...] conscious of the role it [EU] has to play in promoting the relaxation of international tension and the rapprochement among all peoples [...] is indispensable if a mainspring of [...] peace is to be preserved.⁴⁰

This idea of a common conviction to establish a united foreign policy to *preserve peace* remained in place until the 1992 Maastricht Treaty introduced the CFSP to establish 'systemic cooperation between member states in the conduct of policy', under the EU provisions, which include the principle of economic integration.⁴¹ The CFSP was then consolidated under the EEAS in 2010 to ensure that member states were consistent in their external action.⁴²

The EU also had two instruments running alongside its foreign policy mechanism which concerned Libya, the 1995/2008 EUROMED and the 2004 ENP. Both of which implored the use of trade to preserve peace.⁴³ However, the fact that Libya was not fully integrated into the ENP⁴⁴ or the EUROMED,⁴⁵ meant that the EU's peace-through-trade-policy was unable to reach its goal in the context of these two instruments.

It is also important to clarify that the EU's peace-through-trade-policy was adopted in this case, in spite of pressure from other actors, i.e. the US (as detailed in this paper). Additionally, the EU's policy is adopted no matter what the context is, i.e. whether a country is involved in conflict or the type of regime it is dealing with. A useful comparative example of this is the case of EU-Israeli ties where the EU's peace-through-trade-policy was systematically adopted when interacting with Israel. Specifically, during the 2008-09

Operation Cast Lead Conflict, an estimated 1,400 Palestinians and 13 Israelis were killed,⁴⁶ demonstrating, among other developments, the lack of peace in this case. Additionally, whilst the conflict led to the upgrading of EU-Israeli ties being put on hold,⁴⁷ the 2000 Association Agreement between the two actors remained in place. This agreement re-asserted the EU's intentions of promoting peace, security and cohesion in the region and repeated the EU's dedication to the peace-through-trade-policy.⁴⁸ This not only demonstrates the EU's dedication to the policy but also its failure to take into account the context in which it is being implemented.

In other words, the EU's peace-through-trade-policy aims to achieve its goal with a trade partner, regardless of; the influence of other actors in the country in question, whether the country in question is in a state of peace or the type of regime it is dealing with. As a result, this demonstrates the EU's almost blind dedication to the peace-through-trade-policy.

The Libyan Context

The main argument of this paper is that the EU's peace-through-trade-policy failed in the case of 2011-12 Libya, due to the policy not taking into account the context in which it was implemented. This section underlines these contextual elements which prevented the EU policy from being successful.

Understanding the ethnographic makeup of Libya is key to identifying why the EU's peace-through-trade-policy failed between 2011 and 2012, and why it caused continuing bouts of conflict and barriers to peace. The territory which is recognized as present day Libya is made up of the three former Ottoman provinces; Cyrenaica in the east, Tripolitania in the north-west and Fezzan in the south-west.⁴⁹ Vandewalle notes how the aggregation of these provinces led to a sense of statelessness in the country as an affinity to 'an earlier form of political community – family and tribe' still resonates in modern day Libya.⁵⁰ This was the case during the 1911-50 Italian occupation,⁵¹ the 1951-69 King Idris Al-Sanussi monarchy,⁵² as well as the 1969-2011 Gaddafi era.

This sense of statelessness and the subsequent fissures in society was compounded by the management of hydrocarbons in Libya, especially under Gaddafi's rule. Initially, the sector's importance first rose in 1947⁵³ when the US oil company, Esso Standard, carried out a Libyan expedition and denoted that there was a 'good' chance of discovering commercial quantities of oil in the country.⁵⁴ At this point, the majority of discovered oil was located in the Sirte Basin, straddling the Tripolitania and Cyrenaica provinces.⁵⁵ The discovery of oil drastically changed the economic and political landscape of the country. Indeed, under King Idris oil production jumped from 20,000 barrels per day (bpd) in 1960 to 3 million bpd (mbpd) in 1969.⁵⁶ As a result, the wealth accrued from the resource and its distribution began to determine the power brokers in Libya.

The oil exploration was carried out under the 1955 Petroleum Law, which assured private oil companies that tenders for discovery and extraction would be based on commercial and not political considerations.⁵⁷ The law provided a basis for oil companies (particularly those in Europe which benefitted from limited transport costs compared to energy imports from the Gulf), to profit from the process whilst limiting the Libyan government to the role of tax collector.⁵⁸ As a result, the energy industry was protected and run by technocrats who ensured that the public and private sectors profited from the resource.⁵⁹

Additionally, Gaddafi's Third Universal Theory (TUT) which was developed in the early years of his rule and detailed in his *Green Book*, contributed to the fissures in Libyan society. The TUT's first step was for Libyans to be 'divided into Basic People's Conferences [who then...] select [their] own secretariat [who then...] form [Professional] Conferences. The masses of the Basic People's Conferences will then select administrative People's Committees to replace government administration'.⁶⁰ This in turn meant that there was a ban on political parties in Libya.⁶¹ As the resulting public institutions would be run by and answerable to the people,⁶² thus, any grievances could be expressed through the respective committees and channeled up from the local level into the municipal and national level committees.⁶³ However, the oil and banking industries (and foreign policy making decisions), were the

exception to this revolutionary overhaul as Gaddafi maintained control over these spheres.⁶⁴ This was maintained under Gaddafi until the détente era where a series of economic and public reforms⁶⁵ attempted to reintegrate Libya into the international community, discussed later. It is also worth noting how the TUT continued the trend of resisting traditional state structures, in the sense that public institutions did not take the traditional form of ministries/departments. Indeed, despite Gaddafi's advocacy of the TUT, the leader demonstrated his allegiance to his own family/tribe,⁶⁶ built up security forces and allies using oil wealth⁶⁷ and according to Niblock, accrued a personal wealth estimated to be worth billions of US dollars in 2011.⁶⁸ This meant that, as identified by Joffé, Gaddafi's rule was epitomized as being fully autocratic, and therefore 'radical political change [in the 2011 Revolution context] could only result in civil war'.⁶⁹ Indeed, as identified in the main body of this paper, this particular context of the Libyan regime 'type' was also a factor which was not given enough attention in EU policy towards Libya.

Furthermore, US pressure to isolate Libya also impacted EU-Libyan ties. Indeed, as determined by Chorin, America labeled Libya a 'potential US enem[y]' in 1977 and invoked an oil embargo five years later.⁷⁰ However, as Vandewalle notes, US aims to isolate Libya were met with a European reluctance to implement sanctions against the Middle Eastern state.⁷¹ This US pressure came in an era when Libya was supporting terrorist activities, specifically the 1986 Berlin night club,⁷² the 1988 Lockerbie Pan Am flight⁷³ and the 1989 Niger UTA (a French company) flight bombings, for which the country accepted responsibility.⁷⁴ However, despite Libya accepting responsibility for these bombings, Europe provided limited support for the US sanctions and 'especially for the use of military force'.⁷⁵ This support for international terrorism did however result in the 1993 United Nations (UN) sanction freezing financial transactions with Libya,⁷⁶ which was then suspended under the 1998 UN resolution 1192 following the handover and trial of the two Lockerbie suspects.⁷⁷

These factors, namely: the sense of statelessness, the rejection of outside influence, the importance of (in terms of wealth) and geographical location of energy reserves, the

unconventional (or lack of) state structure, the support for international terrorism, US pressure as well as the WMD program and ensuing sanctions all provide the context to the 2001-11 timeframe which observed varying bouts of conflict alongside EU trade.

WMD & Sanctions

Libya's WMD program and the subsequent international sanctions placed on the country had a detrimental impact on the EU's peace-through-trade-policy between 2001 and 2011. This section details the formulation of this aspect and identifies how it presented a barrier to the EU's peace-through-trade-policy in this case.

The WMD program was instigated in 1969 after Libya signed the Nuclear non-Proliferation Treaty (NPT) a year earlier.⁷⁸ The program, supported by the Soviet Union and weakened by its breakup in 1991, aimed to establish domestic legitimacy and was challenged by reformers, including Gaddafi's son, Saif Al-Islam Gaddafi⁷⁹ (referred to as Saif henceforth). Further, the ILSA was introduced in 1996 by the US Senate to force Libya to drop:

Its support of international terrorism and its efforts to acquire WMD [as they] constitute a threat to international peace and security that endangers the national security and foreign policy interests of the US and those countries with which it shares common strategic and foreign policy objectives.⁸⁰

In 1996, the EU staunchly protested against the extraterritorial nature of the ILSA,⁸¹ something the UN also officially opposed.⁸² The EU also identified the ILSA as unproductive and a barrier to increased dialogue.⁸³ In November 1996, the EU took a step further and implemented a blocking statute on the ILSA (as well as other US laws), which ultimately led to the 1997 EU-US agreement to allow the EU to continue to invest in Libya (and Iran).⁸⁴ This demonstrated the EU's commitment to the peace-through-trade-policy in Libya.

Furthermore, the handover and trial of the Lockerbie suspects led to the 1998 suspension of the UN sanctions. In turn, this led to an era of increased pressure on the US to lift its own sanctions on Libya i.e. the ILSA. Indeed, post-1998 EU firms actively sought to fill the gap in the Libyan market left by the US as a result of the ILSA, particularly when concerned with hydrocarbons (given their high quality and proximity to Europe).⁸⁵ Further, Gaddafi

dismantled his WMD program in 2003,⁸⁶ and the US lifted the ILSA with respect to Libya in 2006 when it was satisfied with the program's termination status.⁸⁷

Libya's WMD program played a pivotal role in stunting overall and EU trade with the country (see for example the 2001-03 period in graph 1 in the appendix). Indeed, the absence of this factor led to an increased EU-Libyan trade trajectory post-2003, as Libya's relations began to warm with the international community. However, the country still suffered from censored freedom of speech, bans on political parties amid the 2003-10 era which contributed to sparking the 2011 conflict and continued unrest, detailed in the following sections.

The Détente Era

Between 2003 and 2010 Libya began to recover from previously implemented economic sanctions, being listed as a state sponsoring terrorism, diplomatically shunned, pursuing WMDs and suppressing political and public opposition to the administration, in the conventional sense (as mentioned earlier, the TUT ambiguously allowed for opposing voices to be heard). Following Gaddafi's decision to cease WMD development, the attempts to integrate Libya into the international community were buoyed with EU optimism in early 2004 that the Middle Eastern state would join the 1995/2008 EUROMED.⁸⁸

This confidence was demonstrated when Libya agreed to repay \$36 million worth of debt (roughly 80% of the total owed) to the UK's Export Credits Guarantee Department (ECGD) in January 2004, which then led the UK institution to resume their remit of providing cover for firms wishing to invest in the country (having been on pause since 1984).⁸⁹ What followed was a cavalcade of private companies rushing in to sign contracts with their Libyan counterparts.⁹⁰ Diplomatically, relations began to improve and in March 2004, the Libyan Foreign Minister Mohammed Shalgam visited London and met PM Tony Blair.⁹¹

Further, prior to the dismantlement of the WMD program, France was frustrated by the fact that Libya had offered larger compensation packages to the Lockerbie victims than to the Niger victims and threatened to veto the UN notion to lift sanctions in September 2003.⁹²

However, following the decision to dismantle the WMD program, France significantly ramped up Franco-Libyan ties by signing economic, tourism and co-operation agreements in April 2004, which also meant that the French export credit agency provided cover for firms planning to invest in the country.⁹³

In August 2004, Libya improved its ties with Germany by providing \$35 million worth of compensation to the families of the 1986 Berlin nightclub bomb victims.⁹⁴ The German private sector responded by investing in Libyan oil and construction projects.⁹⁵

Diplomatically, the Italians also warmed to Libya following the WMD program dismantlement. Indeed, PM Silvio Berlusconi was the first Western leader to visit Libya and meet Gaddafi (following the WMD termination), in December 2003.⁹⁶ Commercially, Italian firms invested in the hydrocarbon,⁹⁷ defense,⁹⁸ telecom⁹⁹ and solar energy industries¹⁰⁰ in Libya, before and after Berlusconi's visit.

The new EU member, Bulgaria demonstrated its intent on improving economic relations with Libya by waiving \$56.6 million worth of arms trade debt (attained whilst the country was part of the USSR), after six medics from the EU member state were released from custody in Libya.¹⁰¹ Elsewhere in Europe, Spanish,¹⁰² Dutch¹⁰³ and Greek¹⁰⁴ firms also improved commercial ties with Libya following the dismantlement of the WMD program.

Indeed, European governments demonstrated their commitment to increase their economic presence in Libya by the fact that European-Libyan oil and gas contracts outnumbered those of the US.¹⁰⁵ The European Commission (EC) also extended its \$1.2 million worth of grants to Libya in 2005.¹⁰⁶ From 1998 to 2007, foreign investment in Libya hit an estimated \$19.8 billion with the lions share (\$15.2 billion) coming from Europe.¹⁰⁷ Examples of this came in the form of European firms, acting in various consortiums and investing in the oil,¹⁰⁸ telecom¹⁰⁹ and transport industries¹¹⁰ in Libya. This was made possible by the EU member states actively seeking investments in Libya at this point.¹¹¹

Even Libya's harshest critic, the US permitted Libyan companies to apply for export credit allowances, and exports of agricultural products to Libya were supported by the US government in 2004.¹¹² Further, by May 2006, US-Libyan diplomatic and economic ties had essentially resumed for the first time in nearly three decades.

In the nuclear field, Libya's National Bureau for Research and Development (NBRD) signed an MoU with Ariva of France in February 2007 to work together to explore for uranium for civilian aims.¹¹³ Further, in July 2004, 'World Trade Organization (WTO) members agreed to start talks with Libya on its membership bid,' which meant it became an observer of the organization.¹¹⁴

Each of these examples demonstrated how the international community and specifically, Europeans warmed to Libya following the suspension of its WMD program. Furthermore, the numerous economic transactions also demonstrated the EU's confidence in the peace-through-trade-policy. This was complemented by the fact that the ENP and EUROMED were implemented in this timeframe. However, as mentioned earlier, Libya was not fully integrated into these two instruments which ran alongside the EU peace-through-trade provisions. The result of each of these developments was a failure of the EU's peace-through-trade-policy in this timeframe.

Attempts at Reform

The economic reforms which swept the country in the 2003-10 period demonstrated Libya's attempts to entice foreign investment after years of being an international community outlier. Indeed, prior to the end of the WMD program, Gaddafi continued to ring fence the oil sector by denoting that the industry 'can assign any foreign expert to run these [oil] companies in a way to guarantee the promotion of the oil industry',¹¹⁵ this was something which caused concern to foreign investors.¹¹⁶ Upon his arrival, the new PM Shukri Ghanem, appointed in June 2003 with the task of reforming the economy, noted that the administration had 'already been working to open up a number of areas in the hydrocarbons sector'.¹¹⁷ Ghanem's administration also unified the Libyan Dinar currency exchange rate, combining the

commercial rate for foreign currency use and an official rate for national use.¹¹⁸ Additionally, Ghanem noted that a new law was introduced to ensure that 'foreign firms will be obliged to employ more Libyans than foreigners and to re-evaluate salaries for all employees'.¹¹⁹

Concurrently, Saif also emphasized the need to integrate the country into the international community by announcing in October 2004 that 'there is a new beginning between Libya and the West. Now we are talking about reforms and modernization, but we have to understand the goals, aims and timing, otherwise we will repeat the mistakes of others'.¹²⁰ Saif also noted in 2007 that 'the next challenge for Libya is to draft a package of laws which you can call a constitution, but they must be endorsed by the people to become a contract between the people'.¹²¹ Each of these examples demonstrated the need and desire to include Libyans in the political structure of the country by updating the TUT. This impetus also complemented the EU's peace-through-trade-policy.

Despite these calls for reform, the impotence of these schemes were heavily criticized. An example of this was clear when the UK ambassador to Libya, Anthony Layden, noted 2004:

Since January, I have the impression that enthusiasm for economic reform has lessened [...] I do not know why. Perhaps after 35 years the people involved are not happy to let go and let the state shrink back to a planning and regulatory role [...] I find it hard to explain.¹²²

Layden's comments also demonstrated the continued statelessness mentality, as well as taking actions (albeit through inaction), which point to precedence being given to family/tribe loyalties as opposed to a central government. These concerns were exacerbated when Ghanem was charged with reforming the National Oil Corporation (NOC) and removed from the post of PM.¹²³

However, there were signs of promise when Ghanem's successor, Baghdadi Al-Mahmoudi launched the country's Economic Development Board and the Libyan Investment Company in February 2007 to induce investment and create an attractive business environment.¹²⁴ This also coincided with the launch of the country's first Private Equity fund by a US firm in

January 2007,¹²⁵ as well as an economic reform package which saw local entrepreneurs being offered similar incentives to those of foreign investors coming into place.¹²⁶

However, despite these positive signs of reform and the liberalizing of the economy which complemented the EU's peace-through-trade-policy agenda (in the sense that more trade was able to be carried out), since the start of 2006, the Libyan government had shut down the overseas arms of the energy sector's state-controlled procurement process. This meant that international companies dealing with transactions in the Hydrocarbons sector had to deal directly with the NOC, which as noted by St John resulted in 'a process which lacked transparency and often delayed agreement'.¹²⁷

Gaddafi's July 2010 aim to stick to the post-recession budget which was set to transform the country into 'an economic powerhouse by 2020,' by providing \$500 billion for new projects in Libya,¹²⁸ showed positive signs for the economic health of the country. However, politically at this point, EU-Libyan ties were strained following Gaddafi's rule to stop issuing entry visas to citizens from the 22 EU Schengen area countries, in a reaction to the Swiss vote to ban the building of minarets in Switzerland.¹²⁹

Protests had been taking place in Libya throughout this period and were typified by the February 2009 Zawiya protests by minorities and foreign workers. What this demonstrated was how the fissures in Libyan society, which were exacerbated by Vandewalle's sense of statelessness, continued to act as a barrier to the EU's peace-through-trade-policy in the timeframe concerned.

The 2011 Conflict, Sanctions & Unrest

Libya's experience of the regional protests and revolutions turned violent in February 2011 when security forces fired on protestors in the Fezzan, Tripolitania and Cyrenaica provinces. The 2011 EU-Libya Framework agreement which aimed to increase both political and economic ties was suspended in February 2011. On 26 February, the UN imposed resolution 1970 and referred the situation to the International Criminal Court (ICC), imposed

an arms, asset and travel ban on members of the administration (including Gaddafi and Saif).¹³⁰ The implementation of this led to private investor contractors withdrawing from Libya.¹³¹

On 17 March, the military intervention, under UN resolution 1973,¹³² had a significant impact on trade in the country. Indeed, the intervention (along with the underlying sense of statelessness) raised the prospect of a divided Libya. The potential of such a division, which had led to the dwindling of oil production in the country following the sanctions being put in place, led Peter Manoogian, the former BP head in the country, to note:

The oil is mainly on the eastern side, so if the rebels get that that's one thing. But it's hard to see how that could be sustained. Some countries would be in a very difficult position, especially Italy, where the export pipelines go. It would have to recognize the East, as well as the West.¹³³

Furthermore, the US and EU blacklisting of companies in Libya meant that business tailed off during the conflict.¹³⁴ The sanctions and damage accrued to the oil sector by the fighting effectively shut down Libya's oil sector which made up around 70% of revenues in July 2011. This was a result of the developments in the same month which saw rebels holding Benghazi (east of the Sirte oil fields) and the transport network along which the export and refinery hubs were located was also being held by the rebels in the east.¹³⁵ By the end of 2011, oil production was reported at effectively zero,¹³⁶ down from 1.80 mbpd in 2010.¹³⁷

In the aftermath of the capture and killing Gaddafi, contractors found it difficult to resume work in the country as the legal basis for their contracts were being checked meticulously by the National Transitional Council (NTC),¹³⁸ the body recognized as the legal representation of Libya following the September 2011 UN resolution 2009, which established the United Nations Support Mission in Libya (UNSMIL) to help with the transition and partially lifted arms, finance (including frozen NOC assets) and travel bans.¹³⁹ This was also followed by resolutions; lifting the no fly zone (resolution 2016), removing (resolution 2017) and reaffirming the removal of chemical and arms proliferation concerns (resolution 2022), from September to December 2011.¹⁴⁰

The conflict and ensuing sanctions in Libya also provided a barrier to the success of the EU's peace-through-trade-policy. Indeed, each of these developments underlined the nature of the Libyan state which was lacking a conventional structure under Gaddafi, and as identified by Brahimi, initially it was the NTC's task to ensure its legitimacy in Libya by tackling these issues.¹⁴¹ A tall order for what was the newly formed acting Libyan government.

Conclusions

This paper demonstrates how the EU's peace-through-trade-policy failed in the case of Libya between 2001 and 2011. The policy, which is rooted in EU Treaty provisions was unable to maintain peace in Libya as the continued suppression of speech and political parties and the 2011 conflict all took place alongside rising EU-Libyan trade levels.

The main reason for the failure of the EU's peace-through-trade-policy in Libya was due to the EU not accounting for the political and economic environment in which the policy was implemented. Specifically, this paper identifies the following factors contributing to this: the statelessness ethos, an unconventional, if not dissolved (under Gaddafi) state structure, the WMD program and its induced sanctions, the 2011 conflict, and the location and abundance of hydrocarbons and their relationship with the economy. It is also important to note that the EU member states' bilateral ties with Libya undermined a united EU approach to the Middle Eastern state.

From the EU perspective, it was clear that the EU member states' public and private commercial interests outweighed the peace-through-trade political goals. It is therefore necessary for the EU to ensure that it takes into account the political and economic environment in which it implements the peace-through-trade-policy. As a result, the EU has two options which are interrelated; firstly, to adopt a policy which concentrates on state building and increasing interactions between the different facets of Libya's society. This would require the EU attaching conditions to its trade deals with Libya, i.e. to allow a presence and active EU role in the country, which would lead to a better understanding of the

context, history and reasons for the peace-through-trade-policy failure. The problem with this route is that it incorporates a sense of external intervention, something, as pointed out in this paper, which led to the failure of the peace-through-trade-policy between 2001 and 2011.

Secondly, to adopt the peace-through-trade-policy in an absolute sense, i.e. to permanently suspend trade (including private) transactions until the internal actors in Libya reach an agreement/peaceful solution. This would lead to a short-term loss for both the EU and Libya, as well as have a negative impact on the Middle Eastern state's economic wellbeing. However, the long-term benefits of an agreed peaceful solution, without the influence of an outside actor (the EU in this case) would be closer to being achieved. This would also lead to the problem of Libya seeking alternative trade partners whom operate without the liberal democratic conditions of human rights standards, freedom of expression, abandoning support for terrorist organizations and an open economy. Nevertheless, with the EU having made up 70% of Libya's total trade in 2010,¹⁴² Brussels has the leverage to apply this policy and in doing so would be executing its peace-through-trade-policy in its truest sense. Additionally, following the 2010-11 initiated revolutionary wave across the Middle East and the subsequent unrest, it is more important than ever that the EU's peace-through-trade-policy takes into account the context in which it is being implemented. Indeed, it is only when a nuanced understanding of the different countries and contexts is accounted for in the EU's dealings with the region, that the underlying causes and drivers of conflict and barriers to peace can be understood and broken down, respectively.

Finally, even if the EU members were more united in their adoption of the peace-through-trade-policy, unless these factors were understood and accounted for, the policy would still face the same issues. Moreover, a recalibration of the peace-through-trade-policy is required for the EU to be successful in the future, either that, or a removal of the peace-through-trade-policy and rhetoric all together.

¹ Robert Schuman, 'The Schuman Declaration', EU (online: EU, May 9, 1950)

<http://europa.eu/about-eu/basic-information/symbols/europe-day/schuman-declaration/index_en.htm> [accessed March 20, 2015].

² Initially under the 1970 European Political Cooperation policy (EPC), EU, 'Report by the Foreign Minister of the Member States on the problems of political unification', EU (Luxembourg: EU, 1970), (pp.9-14).

³ Data extracted from European Commission (EC), Eurostat, 'Statistics Database', EC (online: EC, 2014) <http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database> [accessed February 10, 2015], converted using European Central Bank (ECB), 'Statistical Data Warehouse', ECB (online: ECB, 2014) <http://sdw.ecb.europa.eu/quickview.do;jsessionid=146A466435F70DBFC5FF559E73B3C031?node=2018794&SERIES_KEY=120.EXR.A.USD.EUR.SP00.A> [accessed February 10, 2015]. See Table 1 for figures and conversion rates.

⁴ EC, 'Wider Europe – Neighbourhood', COM(2003) 104 final, EC (Brussels: EC, 2003), (p.3). It is worth noting that Libya did not fully gain from the benefits of the ENP due to political (press and political freedoms) and economic (sanctions-related) barriers.

⁵ EC, 'Barcelona Declaration', COM(2008) 319 final, EC (Barcelona: EC, 1995).

⁶ In which the EU and its concerned partners improved their relations by 'upgrading the political level of the [...] relationship [...] providing more co-ownership to our multilateral relations [and...] making these relations more concrete and visible through additional regional and sub-regional projects'. EC, 'Barcelona Process: Union for the Mediterranean', EC (Brussels: EC, 2008), (p.5).

⁷ This was the case from 1999 up until the time in which this paper was written, due to the fact Libya had not accepted the full Barcelona Process acquis. Waniss Otman and Erling Karlberg. *The Libyan Economy: Economic Diversification and International Repositioning* (Berlin: Springer, 2007), p.41.

⁸ EU 'Treaty on the European Union Together with the Complete Text of the Treaty Establishing the European Community', EU (Brussels: EU, 1992).

⁹ These provisions were set out in: EU, 'Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community', EU (Brussels: EU, December 13, 2007), (p.25)

and the European External Action Service (EEAS) was set up to ensure consistency in external action, EU, 'Legislation', Official Journal of the EU, L201 Vol.53, EU (Brussels: EU, 2010), (p.30).

¹⁰ The MoU 'provided for the possibility of a new framework agreement between the two parties'. EU, 'Libya Country Strategy Paper and National Indicative Programme 2011-2013', Concept Note, EU (online: EU, no date provided)
<http://ec.europa.eu/world/enp/mid_term_review/final_concept_note_libya_en.pdf> [accessed February 13, 2014].

¹¹ EU, 'European Commission and Libya agree a Migration Cooperation agenda during high level visit to boost EU-Libya relations', MEMO/10/472, EU (Brussels: EU, 2010).

¹² The conflict was also described as dealing a fatal blow to the CFSP, Myrto Hatzigeorgopoulos and Lorène Fara-Andrianarijaona, 'EUBAM Libya: story of a long-awaited CSDP mission', *European Security Review*, ESR66, International Security Information Service Europe (ISIS) (online: ISIS, 2013), p.2 <<http://www.isis-europe.eu/publication/european-security-review/esr-66-eubam-libya-story-long-awaited-csdp-mission>> [accessed February 13, 2014].

¹³ EC, 'Statistics Database'.

¹⁴ The trajectory of private sector trade will also be pointed out at the relevant points in this paper to demonstrate its link to the public EU-Libyan trade.

¹⁵ European Council (ECL), 'EU strategy against proliferation of Weapons of Mass Destruction', ECL (Brussels: EU, December 10, 2003), (p.2).

¹⁶ EU, 'EUBAM in Libya', CFSP, Press Release, EU (online: EU, 2013), (p.1)
<http://www.eeas.europa.eu/csdp/missions_operations/eubam-libya/eubam_factsheet_en.pdf>
[accessed February 17, 2014].

¹⁷ ECL, 'Press Release, 3273rd Council meeting, Foreign Affairs', ECL (Brussels: EU, 2013), (p.8).

¹⁸ Thomas Hobbes, *Leviathan* (London: J. M. Dent, 1937), p.90.

¹⁹ Johan Galtung, 'Twenty-Five Years of Peace Research: Ten Challenges and Some Responses', *Journal of Peace Research* 22:2, 1985, p.145.

²⁰ Jacob Bercovitch and Richard Jackson, *Conflict Resolution in the Twenty-first Century: Principles, Methods, and Approaches* (Michigan: University of Michigan Press, 2009), p.20.

²¹ There are also other studies which argue that there is no relationship between trade and peace, as well as those which argue that peace leads to increased trade. However, they also allow for scenarios where trade can lead to peace. Specifically, in the former, the focus is commonly aligned with the Marxist line of thought concerned with the unequal distribution of wealth (or the benefits of trade in this case). However, Marxists also operate under the zero-sum assumption when it comes to state interaction and therefore it is also implicitly accounted for in this study. For the latter example, as this study assesses the EU's peace-through-trade-policy, which operates under the assumption that trade leads to peace, this paper is not concerned with this strand of the literature.

²² Brian Hocking and Steven McGuire, *Trade Politics* (London: Routledge, 2004), p.4. This side of the debate, which denotes a negative peace-through-trade relationship agrees with the Marxist asymmetric distribution of trade assumption but under different conditions. For a discussion on this see Amir M. Kamel, *The Political Economy of EU Ties with Iraq and Iran: An Assessment of the Trade-Peace Relationship* (New York: Palgrave Macmillan, 2015), pp.28-31.

²³ Katherine Barbieri and Gerald Schneider, 'Globalization and Peace: Assessing New Directions in the Study of Trade and Conflict', *Journal of Peace Research* 36:4, 1999, p.388.

²⁴ Adam Smith, *An Inquiry into the Nature of Causes of the Wealth of Nations* (1786), IV.1.10, (online: Econlib) <<http://www.econlib.org/library/Smith/smWN.html>> [accessed 15 July 2015].

²⁵ Schneider, Barbieri and Nils Petter Gleditsch, *Globalization and Armed Conflict*, (Oxford: Rowman and Littlefield, 2003), p.7.

²⁶ Hocking and McGuire, *Trade Politics*, p.4.

²⁷ Examples of these include: Solomon W., Polachek, 'Conflict and Trade', *Journal of Conflict Resolution* 24:1, 1980, pp.55-78, John R. O'Neal and Bruce Russett, 'The Classical Liberals Were Right: Democracy, Interdependence, and Conflict, 1950-85', *International Studies Quarterly* 41:2, 1997, pp.267-294, Erik Gartzke, 'The Capitalist Peace', *American Journal of Political Science* 51:1, 2007, pp.166-191, Brandon J. Kinne, 'Does third-party trade reduce conflict? Credible signalling versus opportunity costs', *Conflict Management and Peace Science* 31:1, 2013, pp.28-48, among

others. For a more detailed discussion of the literature concerned with the positive peace-through-trade relationship, see: Kamel, *The Political Economy of EU Ties with Iraq and Iran*, pp.20-23.

²⁸ Kinne, 'Does third-party trade reduce conflict?', 29.

²⁹ Kinne, 'Does third-party trade reduce conflict?', 29.

³⁰ Kinne, 'Does third-party trade reduce conflict?', 39.

³¹ Gartzke, 'The Capitalist Peace', 182.

³² Examples of these include: Edward D. Mansfield, *Power, Trade, and War* (Princeton, NJ: Princeton University Press, 1994), Barbieri, 'Economic Interdependence: A Path to Peace or a Source of Interstate Conflict?', *Journal of Peace Research* 33:1, 1996, pp.29-39,, Rafael Reuveny, 'The Political Economy of Israeli-Palestinian Interdependence', *Policy Studies Journal* 27:4, 1999, pp.643-664, Barbieri, 'Measure for Mis-measure: A Response to Gartzke & Li', *Journal of Peace Research* 40:6, 2003, pp.713-719, among others. For a more detailed discussion of the literature concerned with the negative peace-through-trade relationship, see: Schneider, Barbieri and Gleditsch, *Globalization and Armed Conflict*, pp.5-9.

³³ Reuveny, 'The Political Economy of Israeli-Palestinian Interdependence', 658.

³⁴ Barbieri, 'Economic Interdependence', 35.

³⁵ Mark Gasiorowski and Solomon Polachek, 'Conflict and Interdependence East-West Trade and Linkages in the Era of Detente', *Journal of Conflict Resolution* 26:4, 1982, p.728.

³⁶ Barbieri, *The Liberal Illusion: Does Trade Promote Peace?* (Michigan: University of Michigan Press, 2008), p.64.

³⁷ Schuman, 'The Schuman Declaration'.

³⁸ EU, 'Treaty establishing the European Coal and Steel Community', EU (April 18, 1951), (p.3).

³⁹ EU, 'Treaty of Rome', EU (Rome: EU, March 25, 1957), (p.75).

⁴⁰ EU, 'Report by the Foreign Minister of the Member States on the problems of political unification. Adopted by the Foreign Ministers', (pp.9-10).

⁴¹ EU 'Treaty on the European Union Together with the Complete Text of the Treaty Establishing the European Community', (p.94).

⁴² EU, 'Legislation', (p.30).

⁴³ For EUROMED, EC, 'Barcelona Declaration' and EC, 'Barcelona Process', (p.5) and for ENP, EC, 'Wider Europe – Neighbourhood', (p.3).

⁴⁴ Indeed, the EU was depicted as operating on an 'ad hoc' basis under the ENP towards Libya and 'struggled to implement even the 'lightest' conditionality (in the pursuit of its interests as well as in democracy promotion)'. Christian Kaunert and Sarah Léonard, *European Security Governance Neighbourhood Lisbon Treaty* (Oxford: Routledge, 2007), p.93.

⁴⁵ Otman and Karlberg, *The Libyan Economy*, p.41.

⁴⁶ Amnesty International, 'Israel/Gaza: Operation "Cast Lead": 22 days of death and destruction', Index number: MDE15/015/2009 (July 2, 2009), p.26.

⁴⁷ EC, 'Implementation of the European Neighbourhood Policy in 2009: Progress Report Israel', EC (Brussels: EC, May 12, 2010), (p.2).

⁴⁸ EC, 'European Neighbourhood Policy Country Report: Israel', EC (Brussels: EC, May 12, 2004), (p.4).

⁴⁹ Dirk Vandewalle, *A History of Modern Libya*, 2nd edition (New York: CUP, 2012), p.11. During the Ottoman Empire's presence in Libya (1551-1911), these territories were left unclaimed by European powers up until Italy annexed the territory.

⁵⁰ Vandewalle, *A History of Modern Libya*, p.3.

⁵¹ Where the common theme uniting Libyan's was a rejection of external occupancy, with the exception of the elite families who sought to maintain their positions of wealth, Vandewalle, *A History of Modern Libya*, p.26.

⁵² Vandewalle, *A History of Modern Libya*, pp.46-47.

⁵³ Note, the earliest traces of oil were discovered in 1914, with further exploration in 1940, only for WWII to freeze the progress. Ronald Bruce St John, *Libya: Continuity and Change* (Oxford: Routledge, 2015), p.99.

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- ⁵⁴ Judith Gurney, *Libya. The Political Economy of Oil* (Oxford: OUP, 1996), p.21.
- ⁵⁵ Vandewalle, *A History of Modern Libya*, p.53.
- ⁵⁶ Vandewalle, *A History of Modern Libya*, p.62.
- ⁵⁷ St John, *Libya*, p.101.
- ⁵⁸ St John, *Libya*, p.101.
- ⁵⁹ Vandewalle, *A History of Modern Libya*, p.106.
- ⁶⁰ Muammar Gaddafi, *The Green Book* (Reading: Ithaca Press, 2005), pp.17-18.
- ⁶¹ Vandewalle, 'Libya's Revolution Revisited', *Middle East Research and Information Project*, (1986) MER143:16:2 <<http://www.merip.org/mer/mer143/libyas-revolution-revisited>> [accessed February 2, 2014].
- ⁶² Gaddafi, *The Green Book*, p.18.
- ⁶³ Vandewalle, *A History of Modern Libya*, p.104.
- ⁶⁴ Vandewalle, *A History of Modern Libya*, p.103 and p.106.
- ⁶⁵ For example, foreign newspapers were allowed to be distributed in the country in 2009, EU, 'Libya Strategy Paper & National Indicative Programme 2011 - 2013', European Neighbourhood and Partnership Instrument, EU (online: EU, 2011), (p.10) <http://eeas.europa.eu/enp/pdf/pdf/country/2011_enpi_csp_nip_libya_en.pdf> [accessed January 15, 2014].
- ⁶⁶ Wyn Q. Bowen, 'Chapter one: Nuclear 'drivers'', *The Adelphi Papers* 46:380, 2006, p.12.
- ⁶⁷ Tariq Ali, *The Obama Syndrome: Surrender at Home, War Abroad* (NY: Verso Books, 2011), p.143.
- ⁶⁸ Tim Niblock, quoted in Tom Bawden and John Hooper, 'Gaddafis' hidden billions: Dubai banks, plush London pads and Italian water', *The Guardian* (February 22, 2011) <<http://www.theguardian.com/world/2011/feb/22/gaddafi-libya-oil-wealth-portfolio>> [accessed February 20, 2014].
- ⁶⁹ George Joffé (ed.), *North Africa's Arab Spring* (Abingdon: Routledge, 2013), p.4.

⁷⁰ Ethan Chorin, 'The Future of The U.S.-Libyan Commercial Relationship', in Vandewalle (ed.), *Libya since 1969: Qadhafi's Revolution Revisited* (Basingstoke: Palgrave Macmillan, 2011), p.161.

⁷¹ Vandewalle, 'Libya's Revolution in Perspective: 1969-2000', in, *Libya since 1969*, p.36-37.

⁷² Which Libya agreed to pay compensation to non-US victims for, Kimberley N. Trapp, *State Responsibility for International Terrorism* (Oxford: OUP, 2011), p.237.

⁷³ Giselle Bosse, 'From 'Villains' to the New Guardians of Security in Europe? Paradigm Shifts in EU Foreign Policy towards Libya and Belarus', *Perspectives on European Politics and Society* 12:4, 2011, p.445.

⁷⁴ Sarah Hamood, 'EU-Libya Cooperation on Migration: A Raw Deal for Refugees and Migrants?', *Journal of Refugee Studies* 21:1, 2008, p.23.

⁷⁵ Bruce Jentleson and Christopher Whytock, 'Who "Won" Libya? The Force-Diplomacy Debate and Its Implications for Theory and Policy', *International Security* 30:3, 2005/06, p.60. This demonstrated the EU's dedication to the peace-through-trade-policy.

⁷⁶ Which fully implemented the 1992 United Nations (UN) resolutions 731 and 748, UN, 'Resolution 883', S/RES/883, NY, USA (November 11, 1993), (p.2).

⁷⁷ UN, 'Resolution 1192', S/RES/1192, NY, USA (August 27, 1998).

⁷⁸ Bowen, 'Introduction', *The Adelphi Papers*, p.8.

⁷⁹ Maria Rost Rublee, 'Leadership Transitions and Nuclear Futures in Egypt and Libya', in Mehran Kamrava (ed.), *The Nuclear Question in the Middle East* (London: Hurst and Georgetown University, 2012), p.74.

⁸⁰ US Government, 'Iran and Libya Sanctions Act of 1996', 104th Congress (1995-1996) H.R.3107.EH, US Government (US: US Government, 1996), (p.3).

⁸¹ EC, 'Iran-Libya Sanctions Act and Iran Freedom Support Act', Trade Market Access Database, EC (online: EC, 1996) <http://madb.europa.eu/madb/barriers_details.htm?barrier_id=960061&version=2> [accessed July 13, 2015].

⁸² In the form of the UN passing the resolution preventing such measures, UN, 'Elimination of coercive economic measures as a means of political and economic compulsion', *Resolution Adopted By The*

General Assembly, (1998) <<http://www.refworld.org/cgi-bin/texis/vtx/rwmain?page=type&type=RESOLUTION&publisher=UNGA&coi=&docid=3b00f525a&skip=0>> [accessed February 22, 2014].

⁸³ Gerrard Quille and Rory Keane, 'The EU and Iran: Towards a new political security dialogue', in Shannon N. Kile, (ed.), *Europe and Iran: Prospects for Non-Proliferation* (NY: OUP, 2005), p.97.

⁸⁴ EC, 'Iran-Libya Sanctions Act and Iran Freedom Support Act', Market Access Database, EC (online, EC, 2008) <http://madb.europa.eu/madb/barriers_details.htm?barrier_id=960061&version=2> [accessed February 22, 2014].

⁸⁵ Middle East Economic Digest (MEED), 'Poised to break free', MEED, 47:34, (August 22, 2003), p.24.

⁸⁶ Kelsey Davenport, 'Chronology of Libya's Disarmament and Relations with the United States', Armscontrol.org (September 2013) <<http://www.armscontrol.org/factsheets/LibyaChronology>> [accessed February 20, 2014].

⁸⁷ Kenneth Katzman, 'The Iran-Libya Sanctions Act (ILSA)', *Congressional Research Service for Congress (CRS)*, Library of Congress, RS20871, CRS (Washington DC: CRS, 2006).

⁸⁸ Clare Dunkley, 'Connecting continents', MEED, 48:4 (January 23, 2004), p.30.

⁸⁹ MEED, 'ECGD resumes cover', MEED, 48:2 (January 9, 2004), p.25.

⁹⁰ Such as the UK's British American Tobacco company's \$20-25 million contract with Libya's General Tobacco Company to sell, promote and distribute tobacco products in the country. MEED, 'BAT to establish local JV', MEED, 48:18 (April 30, 2004), p.22, the \$2 billion BP exploration and production contract which was estimated to grow to be worth \$25 billion. Richard Nield, 'BP makes up for lost time', MEED, 51:23 (June 8, 2007), p.8 and the three Biwater Construction contracts worth a combined \$48 million mandated to conduct the refurbishment and expansion of thirteen treatment plants in Libya, MEED, 'Biwater lands on Green Mountain', MEED, 49:43 (October 28, 2005), p.28.

⁹¹ Alison Pargeter, *Libya: The Rise and Fall of Qaddafi* (Cornwall: Yale University Press, 2012), p.189.

⁹² Glen Segell, *Axis of Evil and Rogue States: The Bush Administration, 2000-2004* (London: Glen Segell Publishers, 2005), p.129.

⁹³ MEED, 'Tripoli and Paris sign bilateral trade accords', MEED, 48:17 (April 23, 2004), p.21. As French company Sidem continued to install desalination plants in the country MEED, 'Draining the desert dry', MEED, 47:34 (August 22, 2003), p.27 and Compagnie Generale de Geophysique signed a contract to carry out an offshore seismic data survey, MEED, 48:16 (April 16, 2004), p.11.

⁹⁴ MEED, 'Another step towards international acceptance', MEED, 48:33 (August 13, 2004), p.3.

⁹⁵ Such as the German MAN GHH's \$200 million contract to engineer, procure and construct the second phase in developing the Faregh field, MEED, 'Prices opened for Faregh', MEED, 49:21 (May 27, 2005), p.10.

⁹⁶ MEED, 'London visit heralds thaw', MEED, 48:7 (February 13, 2004), p.3.

⁹⁷ Such as the \$5.6 billion NOC-ENI gas development contract, MEED, 'Poised to break free', MEED, 47:34 (August 22, 2003), p.24.

⁹⁸ Such as the Agusta Westland (Italy) and the Libyan government deal worth \$97 million for ten A109 Power helicopters and personnel services attached to the vehicles. MEED, 'Italians enter defence sector', MEED, 50:3 (January 20, 2006), p.23.

⁹⁹ Such as Italian company, Sirti's \$86 million deal to build a cable network in north and east Libya, MEED, 'Europeans land fibre grid', MEED, 50:43 (October 27, 2006), p.20.

¹⁰⁰ Such as the Gengroup, Techint, Ansaldo and the Italian National Agency for New Technologies, Energy and the Environment contract worth \$21.3 million to design, engineer and develop solar power in the country. MEED, 'Tripoli to build first solar plant', MEED, 51:40 (October 5, 2007), p.31.

¹⁰¹ MEED, 'News Digest', 51:32 (August 10, 2007), p.3.

¹⁰² Such as the Spanish consortium \$343 million deal to link Libyan and Tunisian electricity lines in the country, MEED, 'Spanish win power contracts', MEED, 47:39 (September 26, 2003), p.28.

¹⁰³ Such as the Dutch firm (Ldorado) tourism contract worth \$2 billion to develop tourist resorts in Tobruk, MEED, 48:16 (April 16, 2004), p.18, as well as Shell's \$637 million deal to develop the country's LNG capacity, MEED, 'Shell and NOC sign landmark LNG deal', MEED, 49:18 (May 6, 2005), p.10.

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¹⁰⁵ MEED, 'Europeans respond to January failure', MEED, 49:40 (October 7, 2005), p.13.

¹⁰⁶ As part of the Benghazi HIV program, Richard Thompson, 'Delayed détente', MEED, 49:30 (July 29, 2005), p.25.

¹⁰⁷ The rest of the money was distributed as follows: Asia (\$3.4 billion), Africa (\$1 billion) and the Americas (\$300 million), Karin Maree, 'Investors begin to move in', MEED, 51:46 (November 16, 2007), p.49.

¹⁰⁸ MAN GHG of Germany won the bid to sign a \$170 million contract and Joannou & Paraskevaides (Greece) won the bid to sign a \$100 million contract to develop pipelines in the country, MEED, 'Pipeline contractors selected', MEED, 48:6 (February 6, 2004), p.13, Spain's Repsol and Austria's OMV signed a joint \$90 million contract to explore and produce oil in the country, MEED, 'Repsol and OMV sign up for six blocks', 47:22 (May 30, 2003) p.12 and a deal including Repsol, Greek (Hellenic Petroleum), as well as Australia's Woodside Energy signed an explore and produce deal, Edward James, 'Catching up', MEED, 48:2 (January 9, 2004), p.37.

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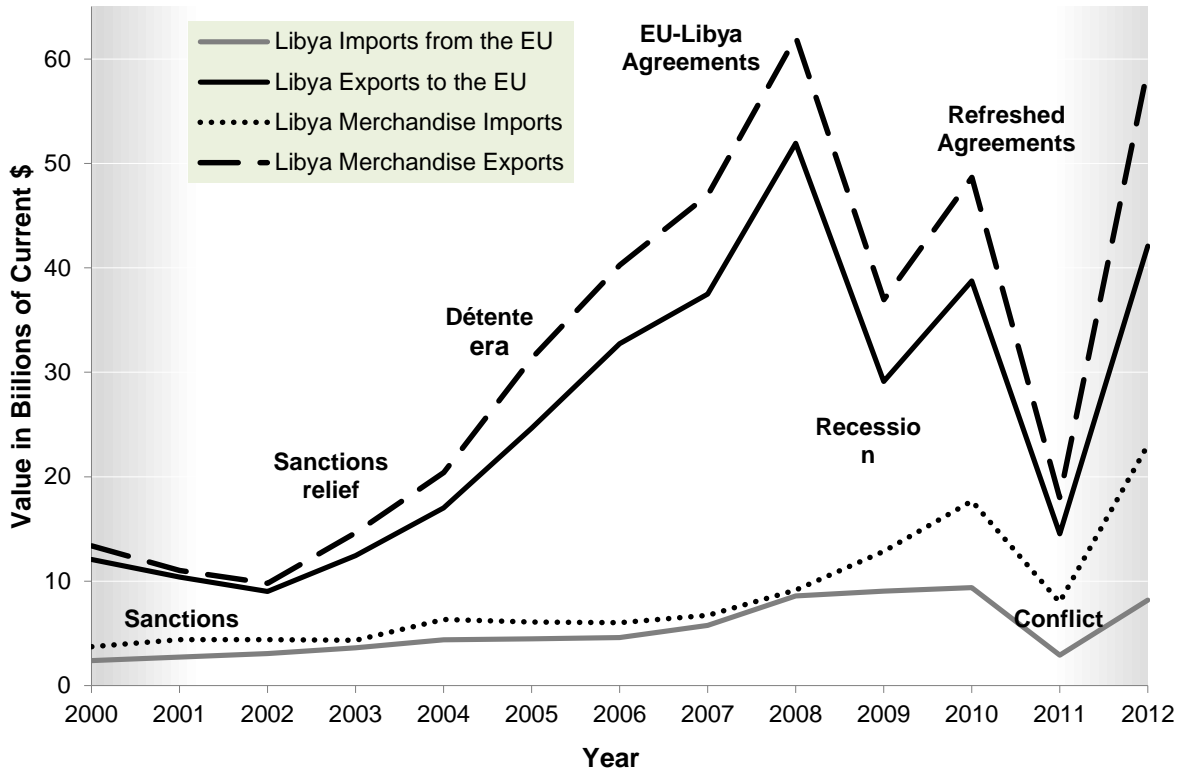
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APPENDIX

Graph 1: EU-Libyan Political Economy (2000-2012)

Sources: EC, 'Statistical Database', WB, 'WDI', converted using: ECB, 'Statistical Data Warehouse'.

Table 1: EU-Libya Trade and Merchandise levels and European Central Bank Exchange Rates

Year	Libya Imports from the EU €bn	Libya Exports form the EU €bn	ECB \$/€ Exchange Rate	Libya Imports from the EU \$bn	Libya Exports from the EU \$bn	Libya Merchandise Imports \$bn	Libya Merchandise Exports \$bn
2000	2.58	13.08	0.92	2.38	12.08	3.73	13.38
2001	3.05	11.60	0.90	2.73	10.39	4.40	11.01
2002	3.24	9.52	0.95	3.06	9.00	4.40	9.80
2003	3.21	11.00	1.13	3.63	12.44	4.33	14.65
2004	3.54	13.67	1.24	4.40	17.01	6.33	20.41
2005	3.59	19.81	1.24	4.47	24.65	6.08	31.36
2006	3.68	26.07	1.26	4.62	32.73	6.04	40.26
2007	4.22	27.36	1.37	5.78	37.50	6.73	46.97
2008	5.84	35.31	1.47	8.58	51.93	9.15	62.10
2009	6.48	20.87	1.39	9.04	29.11	12.86	36.95
2010	7.09	29.23	1.33	9.40	38.75	17.67	48.67
2011	2.09	10.44	1.39	2.91	14.54	8.00	18.00
2012	6.38	32.77	1.28	8.19	42.10	23.00	59.00

Sources: EC, 'Statistics Database', ECB, 'Statistical Data Warehouse' and WB, 'WDI'.