3

Italy in the Middle East and the Mediterranean

Evolving Relations with Egypt and Libya

Elisabetta Brighi and Marta Musso

On 3 February 2016, the then minister for economic development, Federica Guidi, landed in Cairo at the head of a 60-strong delegation of government officials and business leaders, including representatives from Confindustria, the Italian employers' federation, and SACE, Italy's national export credit agency. The high-profile, two-day visit featured meetings with all top Egyptian economic officials and was aimed at strengthening the already flourishing economic ties between Italy and Egypt, as well as exploring further business opportunities in sectors such as energy, mechanics, and construction. During the morning press conference, Egypt's president, Abdel Fattah el-Sisi, congratulated the Italian minister for following up in the spirit of the successful 2014 Italian-Egyptian Business Council and for Italy's participation in the 2015 Sharm El Sheikh Business Conference. El-Sisi then personally pressed Guidi to facilitate further investments in the country as it faced an increasingly difficult economic conjuncture caused by falling oil prices, the weakening of its tourism industry, and a looming financial insolvency. The meeting closed after the Italian minister reminded the Egyptian president of the ongoing inquiry into the disappearance of Giulio Regeni, a 28-year-old Italian graduate student conducting field research in Cairo, only a week earlier. In the evening of the same day, at the dinner hosted by the Italian embassy for the Egyptian and Italian

Italian Politics: The Great Reform That Never Was 32 (2017): 70–89 © Berghahn Books
doi:10.3167/ip.2017.320106

business communities, the news broke that the tortured body of Regeni had been found in a ditch alongside the Cairo-Alexandria highway in the periphery of the Egyptian capital. The Italian ambassador informed the 250 guests that the dinner had been called off—indeed, the Italian delegation's visit was to be considered suspended.

The events of the next months marked Italy's ambivalent foreign policy approach toward Egypt. On the one hand, Rome recalled its ambassador to Cairo on 8 April in response to a series of clumsy and implausible theories that the Egyptian government initially put forward about Regeni's death. On 29 June, the Italian Parliament denounced the lack of progress in the judicial inquiry, accompanied by the decision to stop the sale of some military equipment to Cairo (Basso 2016). And on 28 October, the Italian Foreign Ministry issued a statement to clarify that Italy had explicitly not endorsed the election of Egypt as a member of the United Nations Human Rights Council,[1] a set of decisions hailed by government officials as the ultimate sign of diplomatic resolve in the face of Egypt's grave human rights affronts. On the other hand, just two weeks after Regeni's murder, ENI signed an important production deal for the extraction of offshore gas from the Zohr field off the Egyptian coast, following the company's discovery of the largest ever natural gas field in the Mediterranean in August 2015.[2] Furthermore, in June the Italian Ministry for Economic Development gave the go-ahead to sell surveillance software to the National Defense Council, Egypt's main counter-terrorism body. Finally, in October the Egyptian minister of tourism, Mohamed Yehia Rashed, came to Italy on an official visit to promote the Egyptian economy—a trip interpreted by some analysts as intended to re-establish "business as usual" with Italy (Civillini 2016; Mahmoud 2016). The year 2016 closed with insistent rumors according to which the new ambassador, Giampaolo Cantini, might be sent back to Cairo by the newly formed government of Paolo Gentiloni—a development that would only confirm the gradual re-establishment of normal relations with Egypt.

In a similar way, in the second half of the year, Italy stepped up cooperation with Libya after months of stalemate and ambivalence. Italy officially re-established diplomatic relations with the North African country, reopening its embassy on 10 January 2017—the first European country to do so since 2014. This bold political move concluded months of negotiations and was welcomed as a step forward by both counterparts. Yet it happened in a context of continued political uncertainty. Against the backdrop of relentless migration flows, and despite the UN-brokered cease-fire of March 2016, Libya remains a torn country, under the influence of a number of rival groups and militias that control not only territory but also the country's oil—a strategic asset for Italy. More than just a political investment on the part of Italy, the decision to reopen the embassy seems an insurance policy against the possibility of losing influence in a country where Italy has, as in the case with Egypt, simply too much at stake.

The Mediterranean and the Middle East have historically formed an important "circle" in the foreign policy of Italy (Brighi 2013; Santoro 1991). Egypt and Libya, in particular, have played and still play an important role within the country's foreign policy perimeter (Del Sarto and Tocci 2008). Yet during 2016, two axes of tension became evident in Italy's foreign policy toward the region and especially toward these two countries. The first reflects a wider European impasse. Like the EU of which it is part, Italy has pursued a number of strategic interests—in the areas of migration, energy, security, and geopolitics—in parallel to, yet sometimes in open contrast to, a set of normative commitments to human rights, democracy, and the rule of law that the EU purports to promote in its neighborhood and that Italy subscribes to. The second source of tension results from a predicament more specific to Italy itself and to the peculiar role of corporate interests—particularly those of oil and energy companies—in the country's definition of "national interests." Italy's foreign policy toward both Egypt and Libya in 2016 seems to have been driven by an uneasy combination of at times overlapping, at other times divergent, national and corporate interests. The chapter will examine the key facts in Italy's relations with Egypt and Libya, starting with the background before 2016, and will highlight how these two axes of tension intersected over the course of 2016.

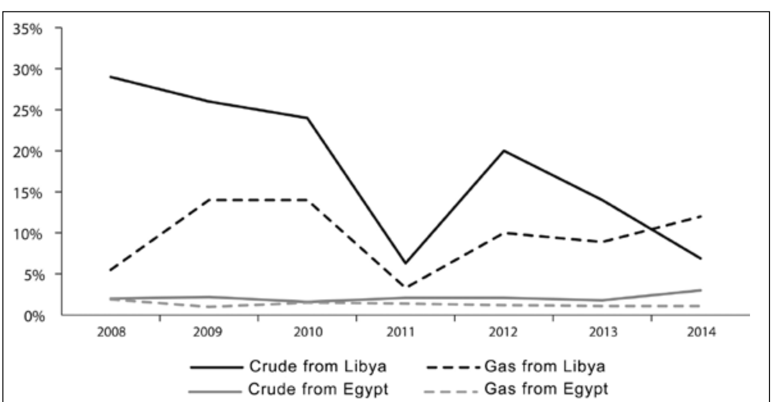
Italy, Egypt, and Libya: A Brief Background

With very limited quantities of coal, oil, and gas, and with no production of nuclear power since 1990, Italy has historically been a net importer of energy. In 2015, energy imports were 92 percent of energy consumption (MSE 2015). Oil and gas together represented 76.7 percent of Italian energy consumption in 2015 and the largest volume of all Italian imports: 15.4 percent in 2014 (MIT 2016). As Gamal Abdel Nasser, the founder of modern Egypt, once put it, oil represents a "vital nerve" for the Italian economic system, perhaps even more so than for other European countries. In the long history of Italy's energy dependency, Libya and Egypt occupy a special place.

At first glance, it might seem that both countries are not so significant for Italy's energy imports. In 2014, Italy imported only 6.9 percent of its oil from Libya and 3 percent from Egypt. Gas quantities were, respectively, 12 percent and 1.1 percent. However, for both countries Italy actually represents the most important exporting nation, with oil and gas as its most crucial products. In 2014, Egypt exported $3.28 billion to Italy (9 percent of its global exports), of which $1.72 billion consisted of hydrocarbons, more than 50 percent of the total exports to Italy. Libya meanwhile exported $5.58 billion to Italy (30 percent of its global exports), of which $5.47 billion consisted of hydrocarbons, more than 98 percent of its total exports to the country (MIT 2016). Before the Arab Spring, Italy imported almost a third of its oil needs from Libya (see fig. 1).

Libya and Egypt are also the two main basins of production for ENI, the most important Italian oil and gas company, which produces 20 percent and 10 percent of its hydrocarbons in these countries, respectively.[3] North Africa has historically been a preferred source for Italy's energy supplies due to the strong presence of ENI in the region, but also because governments there were traditionally considered more reliable partners than those in the Middle East or Russia. The growing instability in the area, however, and in Libya in particular after the 2011 collapse of the Gaddafi regime, forced ENI to close important fields in which it had invested. Thus, Italy had to largely increase its energy dependency on Russia and on the Middle East. Russia's decision to cancel the South Stream project in 2014 seems to have projected Italy's energy partnerships away from Russia and back to North

FIGURE 1 *Italian Hydrocarbon Imports from Libya and Egypt, 2008–2014 (percentages)*



Source: MIT (2016).

Africa. This pivoting has arguably been facilitated by the industrial strategy of ENI, keen to develop its Mediterranean upstream portfolio (Sartori 2016: 65) rather than simply selling Gazprom gas in Italy at lower profit margins.

Oil companies have always been at the center of speculation concerning their role in the foreign policies of sovereign states, and Italy is an important case in point, especially in North Africa. In April 2014, during an interview on the most popular Italian political talk show, the then prime minister, Matteo Renzi, stated that ENI was to be considered a fundamental part of the Italian foreign policy apparatus and Italian intelligence.[4] A year later, during a debate on a possible Italian intervention in the Libyan civil war, General Mario Arpino of the Italian Air Force criticized the actions of France, stating: "Luckily, we have ENI who works fairly autonomously there, with its own policies and intelligence, with its local deals and contacts, often much more effective than those of the Italian government."[5]

In fact, since the early 1950s, ENI has traditionally implemented an autonomous diplomacy parallel to that of the Italian state, especially in North Africa. In its first decade of existence, under the direction of Enrico Mattei, the company carried out an extremely aggressive strategy of penetration in the new North African areas of oil and gas production. Instead of simply being the recipients of revenues, newly independent states were invited to participate in joint ventures, were offered 75 percent of the revenues, and were admitted into the management of the international oil market. This "Formula Mattei" was charged with political meaning in the years of decolonization. It anticipated the nationalization of the oil industry at the beginning of the 1970s, which was hailed as a "second independence" in countries like Libya and Egypt. Since then, ENI's parallel diplomacy has been an active and at times autonomous element in Italy's foreign policy as well as an asset for a company that uses its historical proximity to the Arab world as a diplomatic tool.

With the progressive privatization of the company, which started in the 1990s, ENI's structure became increasingly similar to other energy multinationals, shaped by the requirements of international governance and shareholders. Yet since it operates in the strategic sector of energy, the Italian state, which still owns 30 percent of ENI's golden shares, can exert special powers (so-called golden powers) in setting its priorities. Plus, the minister of foreign affairs ordinarily endorses several members of its diplomatic personnel to work for the company, and vice versa: executives from the company work in the Ministry of Foreign Affairs, contributing key skills and contacts. With its privatization and financialization, ENI claims independence from political events, but its links to political power and state institutions remain conspicuous.

Energy, however, is only one of the main drivers of Italy's foreign policy agenda and its predicaments in the region. The Mediterranean and the Middle East have also become strategic in terms of security and migration. The end of the Cold War, the September 2001 attacks in the US, and, most recently, the transformations ignited by the 2011 Arab Spring movements across the region have brought Egypt and Libya to the forefront of international politics and Italian foreign policy. Italy's strategic and operational role in the US-led campaigns in Iraq and Afghanistan was followed by substantial military involvement in Lebanon, under the aegis of the UN, and in Libya as part of the 2013 NATO-led intervention (Croci and Valigi 2013; Davidson 2011). The announcement by the then foreign minister, Gentiloni (2015), concerning Italy's "pivot to the Mediterranean," must be read as an attempt to present Italy as the EU and NATO vanguard in a region marked by increasing levels of instability, compounded by the escalating crisis in Syria and the shifting threat from the so-called Islamic State (ISIS). Finally, since the 2010s and especially over the past year, Italy has been on the front line of extraordinary migration flows transiting through the Mediterranean from Africa and the Middle East. The country's attempts to manage and control such flows have included calling for a greater involvement of the EU, but have also pragmatically aimed at stabilizing such flows bilaterally with the countries involved, mainly, Egypt and Libya.

Italy's Strategic Rapprochement with Egypt: Illusions of Stability

The July 2013 military coup that deposed Mohammed Morsi and paved the way for the ascent of el-Sisi to the presidency of Egypt in May 2014 was received with apprehension in Italy by the then government of Enrico Letta. Echoing the EU position as articulated in the Foreign Affairs Council and by the then EU Foreign Affairs chief, Cathy Ashton, Italy's foreign minister, Emma Bonino, had been quite outspoken in stating Italy's support for an inclusive and peaceful political transition in Egypt, in which Islamic parties such as the Muslim Brotherhood could play a role and in which human rights were respected and political repression avoided. During his government mandate, however, Prime Minister Renzi demonstrated a much broader level of support toward the el-Sisi government, so much so that over the past two years Italy and Egypt have witnessed an extraordinary political and strategic rapprochement. This was initiated in July 2014 when Renzi officially visited Egypt during the Italian presidency of the EU—the first European prime minister to do so since el-Sisi's election. Italy's rapprochement with Egypt was further confirmed in 2015 when Renzi gave a long interview to Al Jazeera in which he praised el-Sisi as "a great leader," indeed, the savior of Egypt (Serra 2015). The commercial effects of this rapprochement leave no doubt: Italy is now Egypt's second largest commercial (and political) partner in Europe (Michou and Torelli 2015: 98) and the fourth largest worldwide, after the US, China, and Germany (Balmer 2016).

After the institution of an EU-wide suspension on arms transfers to Egypt—in response to the 2013 Rabaa massacre and later as part of the EU's revised European Neighbourhood Policy—the respect for human rights, the rule of law, democracy, and civil society have been outlined as key conditions for EU-Egypt cooperation (Pace 2009). Yet since el-Sisi came to power, a number of European states have clearly privileged dealing with Egypt based on common interests rather than values. Although not unique—France and Germany have arguably followed a similar approach—Italy has been a particularly exemplary case in point. The motives behind the renewed partnership with Egypt are first and foremost political and strategic: they include security, migration, and energy. In a scenario punctuated by failed interventions and collapsing states, from Iraq to Syria to Libya, as well as the evolving threat from Islamic terrorism, Italy toed the line set in 2016 in Washington and endorsed in Berlin and Paris, investing Egypt with great strategic value. Egypt has thus been considered a key piece in the Middle East strategic puzzle, both in terms of its continued role of mediation within the Arab-Israeli conflict and, especially, in terms of its commitment to the fight against Islamic terrorism. El-Sisi's regime has been presented as the only guarantor of stability in the Middle East. As Renzi stated at a high-profile international development conference in Sharm El Sheikh in 2015: "Your war is our war, and your stability is our stability" (Shenker 2016). This has translated not only into political support for the Egyptian regime but also into strengthened strategic and military collaboration. From the strategic point of view, Italy has endorsed Egypt's fight against ISIS by signing a new defense cooperation agreement in January 2015 and by increasing its sales of military supplies, including small arms and counter-terrorism software, to the country in 2016.[6]

While Italy furthered these strategic priorities, in line with other European partners, a few developments during 2016 clearly demonstrated the limits of an approach that pursues stability at all costs (Taleb and Blyth 2011). First, Italy's unquestioned strategic and military support for Egypt's anti-Islamist campaign has made the respect for democracy and human rights in Egypt less rather than more likely, revealing once again how the pursuit of "shallow" democracy in the MENA (Middle East and North Africa) region can dramatically backfire (Reynaert 2011). El-Sisi's anti-terrorism campaign has notoriously refused to distinguish between followers of ISIS and Egypt's own internal political opposition. All have been lumped together as terrorists and engaged with as such. Thus, for instance, the Muslim Brotherhood was declared a terrorist organization in 2013 and banned from all political activity. Italy's strengthened collaboration in counter-terrorism, which spans the military and police continuum, supplying equipment to both sectors, has not only flown in the face of the 2003 EU-wide suspension on arms transfers to Egypt, but has effectively given ammunition to the steady increase of repressive practices adopted by the el-Sisi regime. Widespread restrictions of basic political and civil rights have combined with the tragic increase of extra-judicial killings, torture, enforced disappearances, and political arrests to precipitate "the gravest human rights crisis in Egypt in decades" (Michou and Torelli 2015: 108), a situation that is probably worse than under Hosni Mubarak's rule. The kidnapping, torture, and murder of Giulio Regeni must be placed in this context. The Italian student, who was pursuing a PhD from the University of Cambridge by researching the political role of Egyptian trade unions, was abducted on 25 January 2015, the day of the fifth anniversary of the Tahrir protests, near the very square that gave the Arab Spring movement in Egypt its name. Many analysts have looked at Regeni's death as indicative, rather than exceptional, and representative of the degree of political repression unfolding in Egypt in the name of the strategic priorities of stability and the fight against terrorism.

Second, although the Renzi government had initially praised Egypt for its involvement in the fight against Islamist forces in Libya—considering Egypt an indispensable partner, even to be included in a potential military intervention—over the last several months it has become increasingly clear that Egypt is using Libya and the army of General Khalifa Haftar as a proxy to extend its influence (possibly also its territory) over the Cyrenaica region. Egypt's repeated calls for a military intervention, even at the cost of a possible partition of the country, however, do not coincide with the solution favored by the United Nations and Rome, which involves a diplomatic mission to form a national unity government under the presidency of Fayez al-Sarraj. The pursuit of stability via unquestioning support for el-Sisi therefore turns out to be not only doubly illusory (on a domestic and on an international front), but also directly counter-productive. Insofar as it emboldens Egypt to pursue an authoritarian strategy at home and a revisionist strategy abroad—rather than ensuring stability on both fronts, as understood in Europe and Washington—Italy's support for el-Sisi not only reveals a tension between normative commitments and strategic interests at the heart of Rome's foreign policy, but also risks strengthening an agenda in the short term that is hardly reconcilable with Italy's long-term interests.

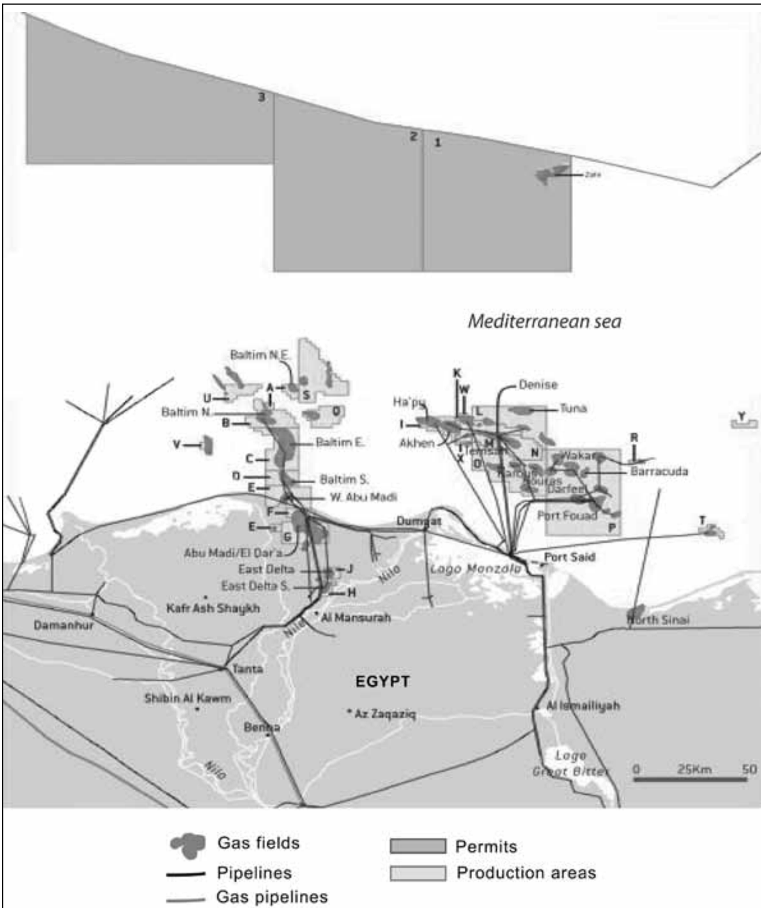
Between Energy and Migration: Asymmetries of Power

Egypt also acquired renewed importance for Italy in 2016 with regard to two key matters: energy and migration. As far as migration is concerned, over the last 12 months Italy and Egypt have collaborated in bilateral and multilateral forms. Bilaterally, since the October 2015 meeting between the Egyptian immigration minister and the Italian ambassador in Egypt, Rome has sustained Cairo's attempts to curb illegal migration to Italy (Cetin 2015). Multilaterally, Egypt enthusiastically joined and continues to be part of the Karthoum Process, launched under Italy's EU presidency in 2014, which is aimed at involving those countries in the Mediterranean and Africa where migrants originate and transit. Egypt is one such country: refugees flee Syria and transit through Egypt on their way to Libya and from there to Italian shores. Although cooperation in this area has been celebrated as significant by Italy—and indeed by the whole of the EU, which is now officially looking for a deal on migration with Egypt along the lines of the controversial one signed with Turkey (Vytiska 2016)—it is clear that Egypt is using this political support to increase domestic political repression, embark on a crackdown of political asylum-seekers, and adopt migration practices in breach of human rights conventions (Michou and Torelli 2015: 115–116).

With regard to energy, Egypt is, together with Libya, the most important area of hydrocarbon production for ENI.[7] In March 2015, ENI and the Egyptian government signed an agreement for a \$5 million investment for the development of Egyptian mineral resources and the reduction of Egypt's energy shortages. ENI's discovery in August 2015 of two gigantic offshore gas fields off the coast of Egypt is to be read as further proof of Italy's strengthening ties with Egypt. The Zohr gas field is the largest natural gas find in the Mediterranean and one of the largest worldwide,[8] with a potential 850 billion cubic meters of gas.[9] This offshore gas field is expected to start production in 2017 and to reach full production capacity in 2019 (Politi 2016). This was followed by the announcement in June 2016 of another discovery of the smaller yet still significant Baltim South West gas field[10] and by the commitment to create a gas "hub" in the Western Mediterranean (see fig. 2).

The gas discovered in the Zohr and Baltim fields will not be for export, but rather for Egypt's own domestic consumption. In an attempt to benefit its finances, Egypt imposed extremely unfavorable

FIGURE 2 *ENI's Permits in Egypt*



Source: ENI, "Fact Book 2015," https://www.eni.com/docs/it_IT/eni-com/azienda/fact-book-2015.pdf.

pricing and investment policies for companies, scaring off a number of them, including BP Egypt (Jewkes and Navach 2016). Unlike other investors, however, this did not dissuade ENI, which committed to proceed with the investments despite the high costs and low profits in the medium term. ENI's investments in the Zohr field are of course great news for Egypt, which has been desperately trying to achieve energy self-sufficiency and avoid having to buy expensive gas from Israel and Qatar. It is also great news for ENI, since the company was able to secure control over the largest gas basin in the Mediterranean Sea, boosting the value of the company's shares and providing an important commission for Saipem, a subsidiary company that had been recently hit by a severe financial crisis. Yet according to an anonymous source external to the company, the Egyptian authorities fixed gas at a price that did not even cover the costs of extraction. If ENI agreed to such unfavorable conditions, it would be the clearest indication of Italy's support for the regime of el-Sisi, as well as the degree of Italy's political and economic investment in Egypt's stability, as some analysts have noted (Declich 2016: 100).

Nevertheless, whether the Zohr discovery was also great news for Italy as a country is a question worth raising. First of all, the gas discovered in the Zohr and Baltim fields will not be for the Italian market and as such will not have a positive impact on the country's energy balance or prices. Second, strong and partly public investments in a country run by an unstable dictatorial regime could also backfire in the long run. In this respect, therefore, it is worth asking to what extent Italy's foreign policy toward Egypt in 2016 has been driven by corporate interests rather than national interests. It is also worth asking to what extent these interests truly overlap, both in the short and long term, or indeed diverge.

Libya: The Gateway to Europe

As a former Italian colony first, and later as an alleged sponsor of international terrorism, Libya had strained relations with Italy for much of the Cold War. Yet in line with a wider European rapprochement at the turn of the millennium, the Treaty of Friendship, Partnership and Cooperation (Trattato di Amicizia e Cooperazione) between Italy and Libya, signed in 2008 by then prime minister, Silvio Berlusconi, and Colonel Muammar Gaddafi in Benghazi, opened a new era of economic partnership and collaboration. This was pursued in a bipartisan manner by successive governments in Italy, irrespective of their political leanings. Whereas the 2008 treaty aimed at symbolically closing old colonial disputes via a substantive compensation of $5 billion to Libya, in exchange Libya was asked to adopt measures to curb immigration and, crucially, facilitate Italian investments in the country. In terms of migration, the treaty envisaged joint patrolling of the coasts and permission for Italy to send any intercepted boat back to Libya. Although the Gaddafi regime was known for the brutal treatment of sub-Saharan migrants trying to reach Europe from the Libyan shores, European and especially Italian leaders were keen to take advantage of Libya's ability to stop traffickers from organizing the infamous boat trips across the Mediterranean.

When the NATO-led coalition intervened in Libya against Gaddafi's army in 2011, Italy joined the coalition only reluctantly. Unsurprisingly for a country that had just managed to devise a profitable *modus vivendi* with its offshore neighbor, Italy feared that the instability likely to follow Gaddafi's fall would upset the balance reached in the two areas that the Treaty had so conveniently regulated—migration and investments. When the Libyan National Committee was formed in 2011, Italy recognized it only on the condition that the transitional body issued a formal guarantee that international contracts signed by the Gaddafi regime would be upheld (Lombardi 2011). Any damage to the economic partnership between the two countries and the prospect of an unregulated flux of migrants were thus to be avoided.

Unsurprisingly, the fall of Gaddafi did bring about a prolonged situation of instability in Libya, which translated into trouble for Italy and for Europe as far as migration flows are concerned (Cetin 2015). In 2016, trafficking boomed thanks to the persistence of internal conflict: the number of migrants reaching Italian shores totaled 173,000, plus 5,000 presumed deaths, a 17 percent increase compared to 2015 (UNHCR 2016). More than 82 percent of the boats came from Libya, especially from the triangle between Zuwara, Sabratah, and Zliten (Genoviva 2016). This presented a strong incentive for Italy to try to relaunch some form of bilateral cooperation, not just in terms of resuming the patrolling accords with the recognized Libyan authorities, but also signing new agreements with the newly instituted Government of National Accord (GNA), while also negotiating with Khalifa Haftar, the opposition general (Calabresi and Di Feo 2016). Despite this, according to General Paolo Serra, military councilor to the UN representative in Libya, migration still represents a clear source of vulnerability for Italy: more than a million migrants could potentially depart from the Libyan coasts in the next few months.[11] In its failure to deal with migration flows, however, Italy is hardly alone in Europe.

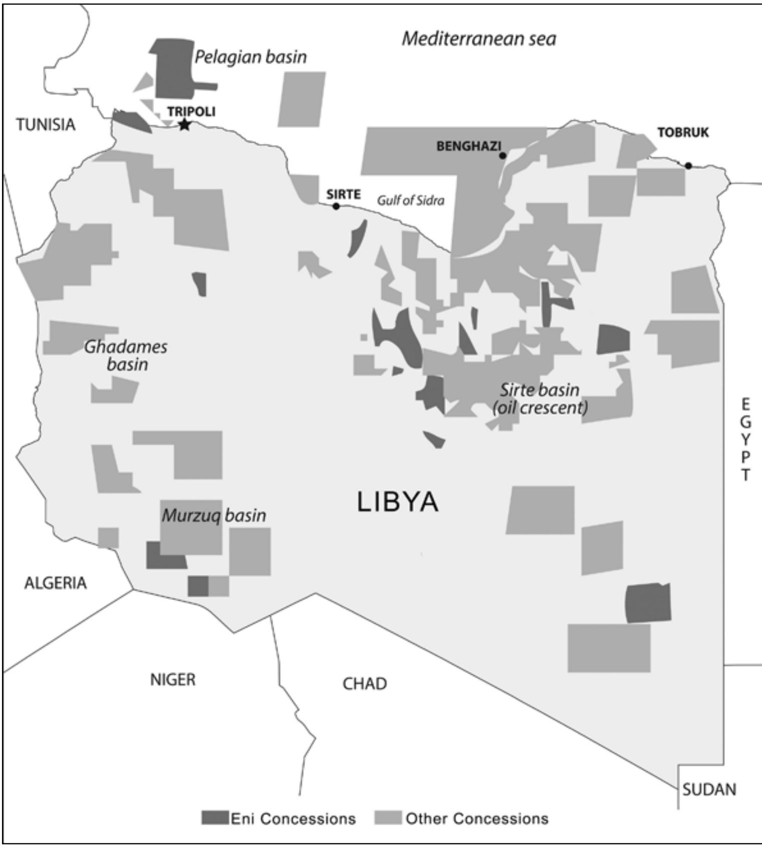
Oil and the Disintegration of Libya

Libya is traditionally considered a rentier state. The country holds the largest proven oil reserves in Africa and the fourth largest gas reserves: hydrocarbons accounted for around 90 percent of GNP under the Gaddafi regime. After pursuing its colonial interests, Italy was keen to secure a solid economic presence in post-independence Libya, and this meant, first and foremost, the presence of oil companies. ENI has been present in Libya since 1959, the longest of any rival foreign companies. Libya represents for ENI the most important upstream area. From 2004, the natural gas submarine pipeline Greenstream, which connects the southwest field of Wasa to Gela in Sicily, has been one of the main arteries for Italian gas supplies. In 2007, one-third of all Italian oil consumption came from Libya, probably the largest single energy dependency in the history of Italy. If one considers, however, that since the 2011 collapse of the Gaddafi regime, oil and gas represent virtually the only functioning sector of the Libyan economy and that the country's budget is entirely dependent on revenues from the contracts signed before the fall of the regime, one must conclude that the Libyan budget ultimately depends, in large part, on ENI's activities in the area. Such is the level of mutual interests, stakes, and vulnerabilities that Libya and Italy (together with its companies) share.

The fall of the Gaddafi regime and the ensuing civil war, however, complicated the picture, not just in terms of migration (as seen above), but also in terms of interests and investments. This added further complexity to the already fragmented geography of Libyan energy reserves (see fig. 3). The largest reserves of oil and gas are distributed across the country: the Ghadames basin and Mellitah terminal in Tripolitania, the Murzuq basin in Fezzan, and the "oil crescent" between the Dahra and Sarir oil fields, whose oil is exported through the ports of Es Sidra and Ras Lanuf.

Since the second civil war exploded in 2014, oil and gas fields have been at the center of different factions' struggle for power: control over the hydrocarbon infrastructures is an important leverage for negotiations. Although the industry is mostly managed by the Libyan National Oil Corporation (NOC), a state-owned company that operates in joint ventures with international companies, the division between the Tobruk-based Council of Deputies (led by Abdullah al-Thani and supported by the international coalition) and the Tripoli-based General National Congress (GNC, led by Nouri Abusahmain and supported by the Islamist forces) meant that alternative institutions to both the NOC and the Central Bank of Libya were created, with competing remits and loyalties. Originally based in Tripoli,

FIGURE 3 *Oil Concessions in Libya, 2012*



Source: "Libya Infrastructure Map," https://commons.wikimedia.org/wiki/File:Libya_infrastructure_map.png, re-elaboration by author.

the NOC and the Central Bank of Libya were under the control of the GNC. In November 2014, however, during an OPEC meeting in Vienna, the Council of Deputies presented a new oil chairman, El Mabrouk Bou Seif, as the legitimate president of the NOC, challenging the authority of Mustafa Sanalla, the Tripoli-based NOC president.[12] A new Central Bank was also opened in Tobruk, and it started demanding that international companies pay royalties to it rather than to the original NOC. At that point, most companies decided to put their contracts on hold and leave the country.

ENI, however, was keen to preserve its strategic advantage in the country and insisted on continuing operations with the original NOC, claiming the principle of non-interference between international business contracts and political events. In the south of the country and in the oil crescent, all activities were suspended throughout 2015 and 2016, with fields under constant attack from different militias. Yet along the northwest coast near Mellitah and in the offshore areas, ENI not only continued production but also carried out new research investments, in line with pre-2011 agreements. Although the company denies any secret contact with the belligerents, according to the *Wall Street Journal*, ENI is able to operate thanks to accords with different militias.[13] One case in point is the military corps founded in 2012 by the central government to protect the oil infrastructure—the so-called Petroleum Facilities Guards (PFG), led by Ibrahim Jadhran. Dissatisfied with the central government, Jadhran gradually turned the PFG into an independent militia and since 2013 has been accused of smuggling Libyan oil abroad to fund his army. After the peace agreement of March 2016 and the creation of the GNA, which also allowed for the reunification of the NOC in July under the presidency of Sanalla,[14] Jadhar has been supporting the government recognized by the United Nations. However, the NOC has repeatedly denounced the blockage to the oil fields put in place by his militia, accusing the PFG of doing incalculable economic damage to the country (Assad 2017).

In September 2016, the troops of General Haftar, who are supported by Egypt and Russia and who oppose the GNA, seized control of the oil crescent from the PFG (Lewis and al-Warfalli 2016). While Italy, together with the rest of Europe and the US, officially condemned Haftar's action, the NOC immediately sealed a deal with the general, who handed control over the fields to the company in December (Lewis 2016). The agreement not only strengthened the legitimacy of the opposition to the government, but crucially also boosted production, which immediately soared to 600,000 barrels per day (bpd)—far from the pre-2011 1.7 million bpd, but an important increase compared to the 300,000 minimum production of earlier in 2016. Interestingly, most production was directed to Italy.

The future prospects of Libya are more than uncertain at the moment. While the general consensus, followed by the Italian government, is to back the process of national reunification, other scenarios are being explored behind the scenes, and multiple negotiations are underway. In a recent interview, Paolo Scaroni, the former CEO of ENI, suggested it might be better to think about dividing up the country, rather than trying unsuccessfully to keep it together, by creating independent entities for Tripolitania, Cyrenaica, and Fezzan, plus other smaller administrations. After all, the fact that oil and gas resources are distributed across the territory would, according to Scaroni, facilitate the territorial division and cooperation among different "protectorates" and powers (Valentino 2016).

Conclusions

In devising a foreign policy toward the Mediterranean and the Middle East, Italy has had to grapple with the complex and evolving political dynamics affecting both Egypt and Libya. From Italy's perspective, the two countries resemble two nested scenarios, interlinked and interdependent in some key areas—from migration to energy and from terrorism to the evolving regional balance of power. In this complex conjuncture, Italy's foreign policy has struggled to maintain a sense of overall coherence. Two axes of tension have become particularly evident. The first has pitted strategic interests against a set of normative commitments to human rights, democracy, and, in Libya, the principle of national unity, which the EU and the US purport to promote. The second has resulted from the uneasy confluence of corporate interests and state diplomacy, driven by partly overlapping and partly divergent concerns.

In line with the post-ideological and neo-liberal approach adopted by its foreign policy (Brighi and Giugni 2016), the Renzi government ended up elevating pragmatism by skillfully privileging a flexible approach that was needed to reconcile contradictory policies, turning volatility into an asset. This included accepting that oil companies such as ENI function as a "vanguard" of exploratory diplomacy against the backdrop of official policy. This is hardly an exception in the history of Italy's relations with the Mediterranean, if one considers that during the Suez Crisis and the Algerian War, Italy's foreign policy remained aligned with that of France and its other European partners, while ENI was carrying out an independent and largely opposite policy (Musso 2015). Although ultimately held together by the desire to secure Italy's continued influence in the region, such parallel efforts inevitably risk backfiring and precipitating moments of crisis. The Regeni affair clearly constituted one such moment in 2016. The uncertain situation in Libya may well provide a few more in the years to come.

Elisabetta Brighi is Senior Lecturer in International Relations at the University of Westminster, London.

Marta Musso is Teaching Fellow at Kings College London and an Honorary Research Fellow at the University of Birmingham.

Notes

1. "Regeni: Italia non vota Egitto a Onu," 30 October 2016, http://www.ansa.it/sito/notizie/mondo/europa/2016/10/30/regeni-italia-non-vota-egitto-a-onu_76a81783-1d6d-4752-b46d-305b304b751a.html.
2. "Eni: Completato l'iter autorizzativo per lo sviluppo del giacimento a gas di Zohr," 21 February 2016, https://www.eni.com/it_IT/media/2016/02/eni-completato-liter-autorizzativo-per-lo-sviluppo-del-giacimento-a-gas-di-zohr.
3. "Eni's Activities in Egypt," https://www.eni.com/enipedia/en_IT/international-presence/africa/enis-activities-in-egypt.page (accessed 21 November 2017).
4. Renzi made these comments on the television show *Otto e Mezzo* on 3 April 2014. See also "Renzi in Tv: 'Eni è un pezzo dondamentale dei nostri servizi segreti,'" Twitterare, YouTube video, 2:48, posted 5 April 2014, https://www.youtube.com/watch?v=LquiauxGzKg.
5. "Per fortuna c'è l'Eni che lavora in modo abbastanza autonomo con una politica sua e una sua capacità di intelligence, con suoi accordi e suoi contatti sul territorio, a volte molto più forti di quelli governativi" (Dessì 2015).
6. "Egitto, Italia dà via libera a vendita di software-spia," *Il Fatto Quotidiano*, 28 June 2016, http://www.ilfattoquotidiano.it/2016/06/28/egitto-italia-da-via-libera-a-vendita-di-software-spia-nonostante-il-caso-regeni-bocciata-hacking-team-ok-ad-area-spa/2863805.
7. "Eni's Activities in Egypt," https://www.eni.com/enipedia/en_IT/international-presence/africa/enis-activities-in-egypt.page (accessed 21 November 2017).
8. "Eni Discovers Largest Known Gas Field in Mediterranean," *The Guardian*, 30 August 2015, https://www.theguardian.com/business/2015/aug/30/eni-discovers-largest-known-mediterranean-gas-field.
9. "Eni's Activities in Egypt," https://www.eni.com/enipedia/en_IT/international-presence/africa/enis-activities-in-egypt.page.
10. "Eni: Nuova scoperta gas in Egitto," 9 June 2016, http://www.ansa.it/sito/notizie/economia/2016/06/09/eni-nuova-scoperta-gas-in-egitto_0533ff25-d94f-40f1-af35-3cbba6ee1054.html.
11. "Libia, generale Serra: 'Un milione di potenziali migranti'—Tusk esorta ad aiutare Malta e Italia per numeri 'allarmanti,'" *Huffington Post*, 13 April 2016, http://www.huffingtonpost.it/2016/04/13/libia-migranti_n_9678282.html.

12. "A Tale of Two Cities," *Africa Confidential* 55 (24), 5 December 2014, http://www.africa-confidential.com/article/id/5862/A_tale_of_two_cities.
13. This article is available to read in full at "L'ENI, l'unica grande società rimasta in Libia," *Il Post*, 8 April 2015, http://www.ilpost.it/2015/04/08/eni-libia.
14. "Chairman Mustafa Sanalla and Dr Nagi el-Maghrabi Agree to Unify NOC," National Oil Corporation, 2 July 2016, http://noc.ly/index.php/en/new-4/1558-chairman-mustafa-sanalla-and-dr-nagi-el-maghrabi-agree-to-unify-noc.

References

Assad, A. 2017. "NOC: Western PFG Supervises Fuel Smuggling Operations from Libya." *Libya Observer*, 2 January. https://www.libyaobserver.ly/economy/noc-western-pfg-supervises-fuel-smuggling-operations-libya.

Balmer, C. 2016. "Few Options for Italy as It Pressures Egypt over Murdered Student." *Reuters*, 12 April. https://www.reuters.com/article/us-egypt-italian-pressure-idUSKCN0X91VI.

Basso, F. 2016. "Italia-Egitto, energia e costruzioni: Gli scambi valgono oltre 5 miliardi." *Corriere della Sera*, 8 February.

Brighi, E. 2013. *Foreign Policy, Domestic Politics and International Relations: The Case of Italy*. London: Routledge.

Brighi, E., and L. Giugni. 2016. "Foreign Policy and the Ideology of Post-ideology: The Case of Matteo Renzi's *Partito Democratico*." *International Spectator* 51 (1): 13–27.

Calabresi, M., and G. Di Feo. 2016. "Al Sisi: 'Libia, l'Italia rischia un'altra Somalia.'" *La Repubblica*, 17 March.

Cetin, E. 2015. "The Italian Left and Italy's (Evolving) Foreign Policy of Immigration Controls." *Journal of Modern Italian Studies* 20 (3): 377–397.

Civillini, M. 2016. "L'Italia ha continuato a vendere armi all'Egitto anche dopo l'omicidio di Giulio Regeni." *Vice News*, 2 September. https://news.vice.com/it/article/italia-vendita-armi-egitto-regeni.

Croci, O., and M. Valigi. 2013. "Continuity and Change in Italian Foreign Policy: The Case of the International Intervention in Libya." *Contemporary Italian Politics* 5 (1): 38–54.

Davidson, J. W. 2011. *America's Allies and War: Kosovo, Afghanistan, and Iraq*. New York: Palgrave Macmillan.

Declich, L. 2016. *Giulio Regeni, le verità ignorate*. Rome: Edizioni Alegre.

Del Sarto, R. A., and N. Tocci. 2008. "Italy's Politics without Policy: Balancing Atlanticism and Europeanism in the Middle East." *Modern Italy* 13 (2): 135–153.

Dessì, I. 2015. "Libia, il generale Arpino: 'Isis? Un'altra minaccia è la Francia, a volte fa disastri. Sullo sfondo c'è il petrolio.'" *Progetto Alternativo*, 25 February. http://notizie.tiscali.it/interviste/articoli/arpino-isis-francia-libia-petrolio-intervista/.

Genoviva, F. R. 2016. “Gli sbarchi in Italia nel 2016: Alcuni dati per smentire l’allarmismo.” https://www.unhcr.it/risorse/carta-di-roma/fact-checking/gli-sbarchi-italia-nel-2016-dati-smentire-lallarmismo.
Gentiloni, P. 2015. “Pivot to the Mediterranean: Understanding the Region’s Global Significance.” *Foreign Affairs*, 28 May. https://www.foreignaffairs.com/articles/europe/2015-05-28/pivot-mediterranean.
Jewkes, S., and G. Navach. 2016. “Saipem Cuts More Jobs as Crisis Drags On.” *Reuters*, 25 October. https://uk.reuters.com/article/uk-saipem-results-outlook-idUKKCN12P2NZ?il=0.
Lewis, A. 2016. “Libyan Oil Port Takeover Gives Edge to Eastern Commander.” *Reuters*, 23 September. https://www.reuters.com/article/us -libya-security-idUSKCN11T1W4.
Lewis, A., and A. al-Warfalli. 2016. “Libyan Commander’s Seizure of Oil Ports Risks New Conflict.” *Reuters*, 12 September. https://www.reuters.com/article/us-libya-security-idUSKCN11I23P.
Lombardi, B. 2011. “The Berlusconi Government and Intervention in Libya.” *International Spectator* 46 (4): 31–44.
Mahmoud, S. 2016. “Intensify Coordination between Investigators in the Case of Regeni.” [In Arabic.] *Shoruk News*, 8 June. http://www.shorouknews.com/news/view.aspx?cdate=08062016&id=22dbc994-5b14-46af-95d6-8c30966b3abf.
Michou, H., and S. M. Torelli. 2015. “Common Interests and Different Visions: Policy Implications for EU and Italy.” In *The Return of Egypt: Internal Challenges and Regional Game*, ed. S. M. Torelli, 97–116. Milano: ISPI.
MIT (Massachusetts Institute of Technology). 2016. “The Observatory of Economic Complexity.” http://atlas.media.mit.edu/en.
MSE (Ministry of Economic Development). 2015. *Bilancio sintesi elaborazione 2015*. http://dgsaie.mise.gov.it/dgerm/ben/ben_2015.pdf.
Musso, M. 2015. “Petrolio e politica nella decolonizzazione algerina: Verso un network energetico europeo?” In *Cahiers d’Etudes Italiennes* 22 (16): 141–156. Special edition titled “France et Italie (1955–1967): Politique, société et économie,” ed. A. Giacone and M. Maffioletti.
Pace, M. 2009. “Paradoxes and Contradictions in EU Democracy Promotion in the Mediterranean: The Limits on EU Normative Power.” *Democratization* 16 (1): 39–58
Politi, J. 2016. “Eni Receives ‘Informal’ Interest for Stake in Egypt Gasfield.” *Financial Times*, 7 July.
Reynaert, V. 2011. “Preoccupied with the Market: The EU as a Promoter of ‘Shallow’ Democracy in the Mediterranean.” *European Foreign Affairs Review* 16 (5): 623–637.
Santoro, C. M. 1991. *La politica estera di una media potenza: L’Italia dall’Unità ad oggi*. Bologna: Il Mulino.
Sartori, N. 2016. “La politica energetica.” In *Rapporto sulla politica estera italiana: Il governo Renzi*, ed. E. Greco and N. Ronzitti, 65–69. Rome: Edizioni Nuova Cultura.
Serra, B. 2015. “Q&A with Italian PM: ‘I Think Sisi Is a Great Leader.’” *Al Jazeera*, 11 July. http://www.aljazeera.com/indepth/features/2015/07/qa-italian-pm-sisi-great-leader-150711221822599.html.

Shenker, J. 2016. "The Future of the Egyptian Revolution." *The Guardian*, 16 January. https://www.theguardian.com/books/2016/jan/16/future-egypt-revolution-tahrir-square-jack-shenker.

Taleb, N. N., and M. Blyth. 2011. "The Black Swan of Cairo: How Suppressing Volatility Makes the World Less Predictable and More Dangerous." *Foreign Affairs* 90 (3): 33–39.

UNHCR (United Nations High Commissioner for Refugees). 2016. "Italy—Sea Arrivals." https://data2.unhcr.org/en/documents/download/52621.

Valentino, P. 2016. "'La Libia unita, sogno impossibile: L'Italia punti sulla Tripolitania.'" *Corriere della Sera*, 30 March.

Vytiska, H. 2016. "EU Sounds Out Egypt on Possible Refugee Deal." *Euractiv*, 18 October. https://www.euractiv.com/section/global-europe/news/eu-sounds-out-egypt-on-possible-refugee-deal.