Libya: Background and U.S. Relations

Updated June 13, 2006

Christopher M. Blanchard
Analyst in Middle Eastern Affairs
Foreign Affairs, Defense, and Trade Division
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Summary

On May 15, 2006, the Bush Administration announced its intention to restore full diplomatic relations with Libya and to rescind Libya’s listing as a state sponsor of terrorism and a country not fully cooperating with U.S. counterterrorism efforts. The announcements mark the culmination of a period of improvement and rapprochement in U.S.-Libyan relations that began in December 2003, when the Libyan government announced its decision to eliminate its weapons of mass destruction and long-range missile programs. Full diplomatic relations were restored on May 31 when the United States upgraded its Liaison Office in Tripoli to Embassy status. An ambassador nominee has not been named.

Observers expect that these changes will usher in a new era in the U.S.-Libyan relationship, which has been strained and hostile for much of the last 35 years. Administration officials have stated that normalization of U.S.-Libyan relations will provide greater opportunities for the United States to address specific issues of potential concern to Congress with regard to Libya, such as Libya’s political and economic reform efforts, the development of Libya’s energy resources, Libyan human rights practices, and Libya’s engagement with Arab and African states.

Presidential Determination No. 2006-14 (signed May 12, 2006) certified that the government of Libya had not provided any support for international terrorism during the preceding six months and had provided assurances that it would not support acts of international terrorism in the future. Following a 45-day congressional notification period that began on May 15, the determination will terminate the remaining restrictions on U.S. trade with Libya, including the ban on the export of U.S. defense articles. A range of other derivative sanctions will also come to an end. Section 40 of the Arms Export Control Act (22 U.S.C. 2780) allows Congress to reject the rescission of Libya’s terrorism-related listings and reinstate the ban on the sale of U.S. defense articles by passing a joint resolution.

Some family members of U.S. citizens killed and injured in Libyan-sponsored or supported terrorist attacks have expressed their opposition to the U.S. decision. On June 7, 2006, the Senate passed S.Res. 504, which expresses the sense of the Senate that the President should not accept the credentials of any Libyan government representative without the expressed understanding that the Libyan government will “continue to work in good faith to resolve outstanding cases of United States victims of terrorism sponsored or supported by Libya.” This includes the settlement of cases arising from the 1988 Pan Am Flight 103 and 1986 LaBelle nightclub bombings. A similar House resolution (H.Res. 838) expressly calls for “the fulfilment of Libyan financial commitments” to victims’ families and has been referred to the Committee on International Relations. Libyan officials and representatives of victims’ families recently resumed talks regarding the settlement of the families’ outstanding claims.

This report provides background information on Libya and U.S.-Libyan relations; profiles Libyan leader Muammar Al Qadhafi; discusses Libya’s political and economic reform efforts; and reviews current issues of potential congressional interest. It will be updated periodically to reflect important developments.
Contents

Recent Developments ............................................................. 1

Background and Recent History .................................................. 2
  The Qadhafi Era ...................................................................... 3
    The Green Book and Qadhafi’s Ideology .................................. 3
    Terrorism and Confrontation with the United States ................. 4
  Qadhafi’s Arab-Israeli Intransigence ....................................... 4
  International Isolation and Signs of Change ............................... 5

Current Issues in U.S.-Libyan Relations ....................................... 5
  Reestablishing Normal Bilateral Relations ................................. 6
  Compensation for U.S. Victims of Libyan-Sponsored Attacks ......... 7
    Pan Am Flight 103 .................................................................. 7
    La Belle and Other Claims .................................................... 8
  Post-9/11 Counterterrorism Cooperation .................................... 8
  Trial of Bulgarian Nurses and International HIV Victims Fund ...... 9
  The Return of U.S. Oil Companies ........................................... 10
  Current Congressional Issues .................................................. 10
    Legislative Efforts on Behalf of U.S. Terrorism Victims .......... 11
  Embassy Relocation and Diplomatic Representation ................... 11

Political and Economic Profile ................................................... 12
  Muammar Al Qadhafi: A Profile ............................................. 12
  Political Dynamics ............................................................... 12
  Government Structure ............................................................ 13
    The “Authority of the People” .............................................. 14
  Opposition Groups ............................................................... 14
    Exiles ............................................................................. 14
    The Muslim Brotherhood ...................................................... 15
    Libyan Islamic Fighting Group (LIFG) .................................. 15
  Political Reform and Human Rights ......................................... 16
    Legal and Institutional Reform .............................................. 17
    Human Rights Monitoring .................................................... 17
    Fathi Al Jahmi ................................................................. 18
  Energy and the Libyan Economy ............................................. 18
    Oil Reserves and Production Capacity ................................... 19
    New Exploration and Production-Sharing Agreements ............. 20
    Natural Gas ................................................................. 20

Military Profile and WMD Disarmament ....................................... 21
  The Libyan Military ............................................................. 21
    Structure, Training, and Equipment .................................... 21
    Arms Sales ........................................................................ 22
  WMD Programs and Disarmament ........................................... 22
    Nuclear, Chemical, and Ballistic Missile Programs ............... 22
    Termination of WMD and Missile Programs ......................... 23
Motives for Disarmament ........................................ 24
International Controls and Inspections ......................... 24

Further Reading and Historical Resources ..................... 26

Appendix A: Libya’s Pre-Qadhafi History ......................... 27
Libya’s Colonial Experience ...................................... 27
The Ottoman Empire and Qaramanli Dynasty .................. 27
“The Shores of Tripoli” ........................................... 27
Italian Annexation and Post War Uncertainty .................. 28
Independence and Monarchy, 1951-1969 ......................... 28

List of Figures

Figure 1. Map of Libya ............................................. 2

List of Tables

Table 1. Libyan Military Personnel ............................... 21
Libya: Background and U.S. Relations

Recent Developments

On May 15, 2006, the Bush Administration announced its intention to restore full diplomatic relations with Libya and to rescind Libya’s listing as a state sponsor of terrorism and a country not fully cooperating with U.S. counterterrorism efforts. Presidential Determination No. 2006-14 (signed May 12, 2006) certified that the government of Libya had not provided any support for international terrorism during the preceding six months and had provided assurances that it would not support acts of international terrorism in the future. Following a 45-day congressional notification period that began on May 15, the determination will bring an end to the remaining restrictions on U.S. trade with Libya, including the export of U.S. defense articles. A range of other derivative sanctions will also come to an end.

Libyan officials have welcomed the announcements, although some family members of U.S. victims killed or injured in Libyan government-sponsored terrorist attacks have expressed their opposition to the decision. The Senate passed S.Res. 504 on June 7 calling on the President to refrain from accepting the credentials of any Libyan government representatives without the expressed understanding that the Libyan government will make an effort to resolve outstanding claims arising from the 1988 Pan Am Flight 103 and 1986 LaBelle nightclub bombings. Libyan officials have not indicated publicly whether they will release a $2 million payment to the Pan Am 103 families following the rescission of Libya’s listing as a state sponsor of terrorism. A previously negotiated final round of $2 million payments would be worth an estimated $500 million. Libyan officials and representatives of victims’ families recently resumed private talks regarding settlement of the families’ claims.

The retrial of five Bulgarian nurses and a Palestinian doctor accused of infecting more than 400 Libyan children with HIV during the 1990s began in May. The medical professionals also are challenging the acquittal of Libyan security agents whom they accuse of torturing them to obtain confessions.

In March, the Libyan government announced the creation of several new government ministries and the replacement of General People’s Committee Secretary (Prime Minister) Shukri Ghanem by former Health Minister Al Baghdadi Ali Al Mahmudi. The reform-oriented Ghanem now serves as the director of the National Oil Company, where he will oversee a third round of international bidding for new oil exploration and production-sharing agreements.

In February, the U.S. Department of the Treasury designated five individuals and four entities in the United Kingdom as Specially Designated Global Terrorists for their role in supporting the Al Qaeda-affiliated Libyan Islamic Fighting Group.
Background and Recent History

The north African territory that now composes the Great Socialist People’s Libyan Arab Jamahirriya\(^1\) has a long cultural history as a center of Phoenician, Carthaginian, Roman, Berber, and Arab civilizations. Modern Libya’s distinct regions and tribally-influenced society create a complex political environment that is made up of diverse constituencies from northwestern Tripolitania, northeastern Cyrenaica, and the more remote southwestern Fezzan (see Figure 1). Significant economic and political changes have occurred since Libya became independent in 1951. These changes have been fueled by the country’s emergence from Italian colonization, the discovery of vast oil and natural gas reserves, and the domination of political life by the authoritarian government of Muammar Al Qadhafi,\(^2\) who overthrew the Libyan monarchy on September 1, 1969. The legacies of anti-Italian insurgency and World War II combat, international pressures associated with the Cold War, and complex relationships with Arab and African neighbors have all shaped the country’s development. See Appendix A for a discussion of Libya’s pre-Qadhafi history, other background information, and a list of historical resources.

Figure 1. Map of Libya

\(^{1}\) The Arabic word *jamahirriya* means “state of the masses” or “peoples’ authority” and was added to Libya’s official name in 1978 by Col. Muammar Qadhafi to reflect Libya’s nominally decentralized political system. The adjective ‘great’ was added in 1986.

\(^{2}\) Multiple spellings of Muammar Al Qadhafi’s first and last names are used in the Western press. This report uses a phonetic spelling; others reflect varying pronunciations.
The Qadhafi Era

On September 1, 1969, a cabal of Libyan military officers led by army Captain Muammar Al Qadhafi seized important government institutions in the eastern city of Benghazi and abolished the Libyan monarchy. Facing negligible internal resistance, the leadership of the Movement, known as the Revolutionary Command Council (RCC), established authority and announced that it would direct the activities of a new cabinet. The RCC also made statements affirming Libya’s Arab and Islamic identity and its support for the Palestinian people. After renaming the country the Libyan Arab Republic, the RCC announced the promotion of Captain Qadhafi to Colonel and named him commander in chief of Libya’s armed forces. Like Qadhafi, the other members of the RCC were pan-Arabist and socialist ideologues from rural and somewhat marginalized communities. The United States did not oppose the 1969 coup, as the RCC initially presented an anti-Soviet and reformist platform.

Colonel Qadhafi and the RCC focused intensely in their early years in power on taking steps to safeguard “national independence” and consolidate their rule through populist and nationalist political and economic programs. The members of the RCC were determined to secure the immediate and full withdrawal of British and U.S. forces from military bases in Libya, which occurred on March 28 and June 11, 1970, respectively. Italian expatriates were expelled and their assets were confiscated on October 7, 1970. All three dates subsequently were declared national holidays. The new government also pressured U.S. and other foreign oil companies to renegotiate oil production contracts and cede a larger share of production revenues. Some British and U.S. oil operations eventually were nationalized. In the early 1970s, the RCC gradually reversed its stance on its initially icy relationship with the Soviet Union and extended Libyan support to revolutionary, anti-Western, and anti-Israeli movements across Africa, Europe, Asia, and the Middle East. These policies contributed to a rapid souring of U.S.-Libyan political relations, although economic relations, particularly U.S. oil purchases from Libya, remained steady.

The Green Book and Qadhafi’s Ideology. Beginning in the early-1970s, Muammar Al Qadhafi and his regime carried out drastic and frequent reorganizations of Libyan political and economic life in line with his “Third Universal Theory.” The theory, which blends pan-Arab, Islamic, and socialist values, is enshrined in Qadhafi’s three volume Green Book. The redistribution of land and wealth, the allocation of fluctuating oil revenues, and a near total decentralization of political institutions reshaped Libya’s social landscape in line with Qadhafi’s principles. These trends also helped Qadhafi and his supporters maintain political control. Overseas, Qadhafi promoted his political and economic “Third International Theory” as an alternative to the capitalist and communist systems of the United States and the Soviet Union for the developing countries of the Third World. Qadhafi’s confrontation with the United States and was both a catalyst for and product of the Libyan government’s violent and destabilizing activities abroad, Qadhafi’s ideological fervor, and his regime’s gradual drift into the Soviet sphere of influence.

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3 Over time, Qadhafi stopped using his military title and identifying himself with a formal government position. Although he retains de facto control over Libya’s affairs, he is now commonly referred to as the “Guide of the Revolution” or “Brother Leader.”
**Terrorism and Confrontation with the United States.** In line with his ideological precepts, Muammar Al Qadhafi long characterized Libyan backing for anti-colonial, separatist, and Islamist movements and terrorist groups around the world as legitimate support for parties seeking self determination. The United States and others categorically and continuously rejected Libya’s policies as unacceptable sponsorship of illegitimate terrorism and subversive violence. In the 1970s and 1980s, U.S. officials cited the existence of training camps in Libya and other Libyan government support for a panoply of terrorist groups including the Abu Nidal organization, the Red Army Faction, the Popular Front for the Liberation of Palestine-General Command (PFLP-GC), and the Irish Republic Army. Libyan-sponsored bombings and assassinations also drew sharp international criticism, especially killings of Libyan dissidents and the bombings of Pan Am Flight 103 and UTA Flight 772 in the late 1980s. In the 1990s, Libyan-trained individuals led brutal rebel movements across Africa, including Foday Sankoh’s Revolutionary United Front in Sierra Leone and Charles Taylor’s National Patriotic Front of Liberia.4

**Qadhafi’s Arab-Israeli Intransigence.** The Arab-Israeli conflict was another particularly pointed source of tension between the United States and Qadhafi: Libya remained distinctly opposed to negotiation or reconciliation with Israel throughout the Cold War era and the 1990s, promoting armed struggle as the only viable means to end Israel’s occupation of territory it captured from neighboring Arab states in 1967. At times, Qadhafi’s positions led to deep bilateral rifts between Libya and Egypt, particularly under Anwar Sadat, as well as confrontations with P.L.O. leader Yasir Arafat. Qadhafi and his security services provided support, training, and safe harbor for Palestinian terrorist groups until the late 1990s. After a temporary reconciliation with Arafat during the first Palestinian intifada in 1987, Qadhafi returned to voicing complete opposition to the Oslo peace process and called for Arab leaders to avoid further recognition of or negotiation with Israel.

In recent years, Qadhafi publicly has maintained his opposition to Arab engagement with Israel in the face of continued Israeli occupation and settlement activity. He also has called for a “one state solution” based on reconciliation between the Israeli and Palestinian people within a single state, which he proposes be called ‘Isratine.’ In a 2005 interview, Libyan Foreign Minister Abd Al Rahman Shalqam denied that Qadhafi planned to visit Israel in the wake of Israel’s unilateral disengagement from the Gaza Strip, and argued that the disengagement had not influenced Libya’s position toward the Israeli-Palestinian conflict.5 Qadhafi and other Libyan officials met with Hamas figures Khaled Meshaal and PA Foreign

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Minister Mahmoud Zahar in March and April 2006 and, according to some reports, pledged to provide financial support to the Hamas-led Palestinian Authority.\(^6\)

**International Isolation and Signs of Change.** Following the imposition of U.N. sanctions in the aftermath of the Libyan-sponsored airliner bombings of the late 1980s, Libya entered a period of increasing international isolation. The compounded effects of a loss of oil revenue, restrictions on the travel of senior officials, an international air travel ban, and an arms embargo brought significant pressure on Qadhafi and his government. Signs of change began to emerge in 1999 when Libya agreed to pay compensation for the bombing of UTA Flight 772 and allowed two intelligence agents to stand trial for the bombing of Pan Am Flight 103.

Qadhafi’s offers of counterterrorism and intelligence cooperation following the terrorist attacks of September 11, 2001, and his late 2003 decision to dismantle Libya’s weapons of mass destruction and long range missile development programs marked further steps toward new relationships with the United States and the international community. Qadhafi pledged to end his government’s support for violent political movements around the world in December 2003, and the Libyan government has recently participated in peacemaking efforts in a number of African conflicts, including hosting and subsidizing U.N. World Food Program aid flights to Darfur, Sudan from Libyan territory. New oil production agreements and improved relations with the United States and a number of European and Asian countries have demonstrated the tangible benefits of Libya’s apparent new political orientation.

**Current Issues in U.S.-Libyan Relations**

The restoration of full diplomatic relations between the United States and Libya is expected to open a new chapter in the bilateral relationship and bring a long period of U.S.-Libyan confrontation to a close. The relationship between the United States and Libya has been confrontational for much of the last thirty-five years but has normalized gradually since late 2003. The Libyan government’s past support for international terrorism, its history of intervention in regional conflicts, and its now-abandoned pursuit of weapons of mass destruction proved to be persistent points of contention with the United States until recently. The Libyan government has long taken issue with what it regards as unbalanced U.S. military and financial support for Israel and what it describes as unwarranted U.S. intervention in the affairs of Arab states. In the past, these differences led to a number of confrontations and engagements between U.S. and Libyan armed forces, the imposition of economic and diplomatic sanctions by the United States, and some limited, covert U.S. efforts at regime change.\(^7\)

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Current issues in U.S.-Libyan relations include resolution of the outstanding claims from the families of U.S. victims of Libyan-sponsored terrorist attacks, ongoing counterterrorism cooperation, Libya’s political and economic reform efforts, and humans rights concerns. A number of U.S. oil companies have successfully bid for reentry into Libya’s energy market, and other U.S. businesses have resumed trade relationships with Libyan firms. The ongoing retrial of five Bulgarian nurses and one Palestinian doctor accused of deliberately infecting over 400 Libyan children with HIV has been welcomed by the United States, and U.S. officials have participated in multilateral discussions concerning the establishment of a victims relief fund for the HIV patients and their families.

Reestablishing Normal Bilateral Relations

The reestablishment of normal bilateral relations between the United States and Libya has proceeded incrementally in the wake of Libya’s December 2003 decision to relinquish its weapons of mass destruction and ballistic missile programs.

- On February 11, 2004, the United States opened a two-person interest section at the Belgian embassy in Tripoli, which was expanded to a larger Liaison Office in June 2004. The White House announced several measures on February 26, 2004, including rescissions on bans on using U.S. passports to travel to or through Libya, and U.S. citizen expenditures in Libya.

- On September 20, 2004, President Bush issued Executive Order 13357 that ended most economic sanctions against Libya, allowed air flights between the two countries, permitted Libyan purchases of U.S.-built aircraft, and released approximately $1 billion in Libyan assets that had been frozen in the United States.

- On September 28, 2005, President Bush issued two waivers of Arms Export Control Act restrictions on the export of defense articles to Libya. The waivers allowed U.S. companies to “possibly participate” in Libya’s efforts to destroy its chemical weapons and precursor stockpiles, along with the refurbishment of eight C-130 transport planes purchased by Libya in the 1970s that have been withheld for the last thirty years. The President has not indicated when or if the aircraft will be delivered.

- On May 15, 2006, the Bush Administration announced its intention to restore full diplomatic relations with Libya and to rescind Libya’s listing as a state sponsor of terrorism and a country not fully cooperating with U.S. counterterrorism efforts. Full diplomatic

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8 The C-130s remain in storage at Dobbins Air Reserve Base in Georgia. They reportedly remain militarily useful, provided that they receive necessary technology upgrades and repairs. *Atlanta Journal-Constitution*, “Bound to the Ground: Libyan C-130s Still Parked 30 Years After Purchase,” May 2, 2004.
relations were restored on May 31, when the United States upgraded its Liaison Office in Tripoli to Embassy status.

- Following a 45-day congressional notification period that began on May 15, the remaining restrictions on U.S. trade with Libya will come to an end, including the ban on the export of U.S. defense articles. All other remaining derivative sanctions also will come to an end, including requirements for U.S. representatives to oppose international financial institution assistance to Libya.

Compensation for U.S. Victims of Libyan-Sponsored Attacks

Compensation and legal claims for some U.S. victims of Libyan government-sponsored terrorist attacks remain unresolved. Congress currently is considering legislation that calls on the Administration to seek assurances from the Libyan government that the claims will be adequately resolved prior to accepting Libyan representatives’ diplomatic credentials (see “Current Congressional Issues,” below). Libyan officials and representatives of U.S. victims’ families recently resumed private talks regarding the settlement of the families’ outstanding claims.

Pan Am Flight 103. On December 21, 1988, a bomb exploded on Pan Am flight 103 en route from London to New York, killing all 244 passengers and 15 crew on board and another 11 people in the town of Lockerbie, Scotland. On November 14, 1991, the United States and Scotland indicted two Libyan intelligence agents for their alleged roles in the bombing: Abd Al Baset Ali Al Megrahi and Al Amin Khalifah Fhimah. Under a U.N.-negotiated agreement, Fhimah and Al Megrahi were tried on murder charges under Scottish law in The Hague beginning in 1999. Fhimah was acquitted and Al Megrahi was convicted: he is currently serving a life sentence in a Scottish prison. Al Megrahi is appealing his conviction and the length of his 27-year sentence and is scheduled to have his sentence appeal heard in July 2006. Some observers in the United Kingdom, including lead Scottish Lockerbie investigator Lord Fraser of Carmyllie, have recently questioned Al Megrahi’s conviction and argued that the Lockerbie investigation should be reexamined.9

In August 2003, Libya accepted responsibility for the bombing of Pan Am Flight 103 and agreed to a final settlement that calls for successive payments to the families of victims following the termination of U.N. and U.S. sanctions. As of October 2005, Libya has issued payments of $4 million per victim following the termination of U.N. sanctions in September 2003 and a second payment of $4 million to each victim following the termination of bilateral U.S. sanctions in September 2004. The Libyan government has withheld a final payment of $2 million until the United States rescinds Libya’s designation as a state sponsor of terrorism.10 A previously negotiated


10 On April 21, 2004, Libya extended its unilaterally set deadline for the recision and payment to the victims’ families to July 22, 2004. Libya extended the deadline a second time to September 22, 2004. Lawyers and U.S. negotiators secured a third extension to
final round of $2 million payments would be worth an estimated $500 million. Libyan officials have not indicated publicly whether they will release the final payment following the rescission of Libya’s listing as a state sponsor of terrorism.

**La Belle and Other Claims.** Compensation claims for U.S. victims of the 1986 bombing of the La Belle nightclub in Berlin and the 1989 Libyan-sponsored bombing of a French passenger aircraft also are pending in U.S. courts. Two U.S. servicemen, Sgt. Kenneth T. Ford and Sgt. James E. Goins, were killed in the La Belle bombing, and 80 other U.S. servicemen and women were injured. Some were permanently disabled. On September 19, 1989, a mid-air explosion killed 171 passengers and crew of the French airline UTA flight 772 over Niger in western Africa, including seven U.S. citizens. On March 10, 1999, a French court found six Libyans guilty in absentia for bombing the DC-10 aircraft. Libya has made payments to German and French victims for the bombings and has called for compensation to be paid to Libyan victims of the 1986 retaliatory U.S. air strikes on Libya, which killed civilians, including Muammar Al Qadhafi’s adopted infant daughter.

**Post-9/11 Counterterrorism Cooperation**

Muammar Al Qadhafi immediately condemned the September 11, 2001 terrorist attacks as “horrific and gruesome” and his government has taken steps to improve U.S.-Libyan counterterrorism cooperation and intelligence sharing since 2001. The Libyan government has long perceived Al Qaeda as a threat because members of Libya’s Islamist opposition have been linked to Al Qaeda and other foreign jihadist organizations (see below). This has contributed to Libya’s willingness to expand counterterrorism cooperation with U.S. authorities. Qadhafi has characterized members of Al Qaeda as “heretics” in prominent public statements and has described his government’s intelligence and counterterrorism cooperation with the United States as “irrevocable.” U.S. officials reportedly hope to extend counterterrorism assistance to Libya in the future under the framework of the interagency Trans-Sahara Counter Terrorism Initiative (TSCTI), which currently involves all of Libya’s neighbors, except Sudan and Egypt.

Libya has taken direct action to limit the activities of known Al Qaeda associates within its borders, including elements of its own Islamist opposition allied

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10 (...continued)
April 30, 2005; however, Libya froze the final round of $2 million payments (worth an estimated $500 million) and reasserted its demand for removal from the U.S. state sponsors of terrorism list. Associated Press, “Libyan Central Bank Takes Back Last Batch of Compensation Money Due to Lockerbie Victims,” Apr. 9, 2005.

11 See Robert Lee Beecham, et al., v. Socialist People’s Libyan Arab Jamahiriya, 01 CIV 02243, District of Columbia Circuit.

12 Libya paid a total of $33 million in compensation to the victim’s families in July 1999. France re-negotiated the settlement in 2003 and received about $1 million for each victim. See Robert L. Pugh, et al. v. The Socialist People’s Libyan Arab Jamahiriya, et al., Civ. A. No. 02-2026, U.S. District Court for the District of Columbia.

with Al Qaeda. In October 2004, Libya transferred the deputy commander of the Salafist Group for Call and Combat (GSPC) Amari Saifi, also known as Abderrazak Al Para, to Algeria, where he was wanted on terrorism charges. Saifi had been in the custody of the rebel Chadian Movement for Democracy and Justice, with whom Qadhafi reportedly maintains a close relationship. Qadhafi has urged other Arab governments to extend full counterterrorism cooperation to the United States. Libya is a party to all 12 international conventions and protocols relating to terrorism, including the International Convention on the Suppression of the Financing of Terrorism.

**Trial of Bulgarian Nurses and International HIV Victims Fund**

An ongoing legal case has powerful implications for revitalized commercial and political relationships between Libya, the United States, and the member states of the European Union. In 1999, five Bulgarian female nurses and one Palestinian male doctor were arrested on charges that they deliberately infected 426 Libyan children with HIV as part of an HIV-AIDS treatment experiment. Approximately 50 of the infected children have died. A French doctor testified at the trial that the children had been infected in 1997, one year before the Bulgarians and the Palestinian arrived in Libya. On May 6, 2004, a Libyan court found the Bulgarians and the Palestinian guilty, and the six were sentenced to death by firing squad. The decision also sentenced one Bulgarian male doctor to four years for currency violations and acquitted nine Libyan hospital officials of charges linked to the AIDS infections.

In May 2005, a Libyan court acquitted nine Libyan policemen and a doctor charged with torturing the five Bulgarians and a Palestinian to gain their confessions for allegedly infecting the children with HIV. In August 2005, Libya’s ambassador to the United Kingdom, Mohammed Al Zaway, called on the Bulgarian government to enter into negotiations with the families of the infected children over *diya*, a victim payment and conflict resolution scheme outlined in Islamic law and commonly referred to as “blood money.” Bulgarian officials rejected the possibility of any negotiation and maintained the nurses’ innocence.

The Bulgarian government subsequently requested assistance from the United States, the European Union, and the World Health Organization in securing the nurses’ release. Bulgaria is currently a candidate for EU membership, and EU officials have supported Bulgaria’s claims in the case. Members of Congress and U.S. officials have raised the subject with their Libyan interlocutors since bilateral contacts resumed in late 2003. During a joint press appearance in Washington with Bulgarian President Georgi Parvanov on October 17, 2005, President Bush stated that, “there should be no confusion in the Libyan government’s mind, that those nurses should be, not only spared their life, but out of prison, and we’ll continue to make that message perfectly clear.”

On December 25, 2005, Libya’s Supreme Court overturned the convictions and death sentences of the Bulgarian nurses and the Palestinian doctor. The court’s actions followed the announcement of plans to create a relief fund sponsored by the European Commission, the United Kingdom, Libya, Bulgaria, and the United States. The International Benghazi Families Support Fund plans to provide relief for the infected children and their families and to improve medical infrastructure in Libya.
Public protests in Libya following the announcements led to four arrests, and Libyan authorities temporarily suspended further negotiations concerning the fund. Libyan families have subsequently requested compensation payments of €10 million (approximately $12 million) per family to be administered by the international fund. The medical professionals remain in Libyan custody and their retrial began in May 2006. They are challenging the acquittal of the Libyan policemen on torture charges.

The Return of U.S. Oil Companies

Following the lifting of U.S. sanctions in 2004, Occidental Petroleum and the so-called Oasis group, which consists of Amerada Hess, Marathon, and ConocoPhilips, have engaged in negotiations with Libyan officials regarding the full resumption of their production activities. The issuance of Executive Order 12543 in January 1986 forced the companies to abandon their Libyan operations. During the sanctions era, the companies’ holdings were managed by a subsidiary of the Libyan National Oil Company (NOC) and all revenue from the sale of oil produced from the concession areas accrued to the Libyan government. The NOC made some attempts to open the areas held in trust for the U.S. companies to foreign investment.

A two-step process required the review of the existing production agreements with the NOC and the ratification of new agreements by Libya’s political leadership. Officials from the NOC and the Libyan government approved the terms of Occidental Petroleum’s reentry as of July 1, 2005, paving the way for Occidental to resume operations in its old concession areas. The members of the Oasis group reached an agreement with Libyan officials over the terms of their proposed re-entry in December 2005. Under the terms of the agreement, the Oasis group’s Waha concessions in Libya’s Sirte basin will be extended for 25 years, and the NOC will hold a 59% interest in the venture. The group members agreed to make a one-time $1.3 billion dollar reentry payment and to contribute $530 million toward the cost of investments made by the Libyan NOC since 1986. Libyan officials had expressed their opinion that the reentry of the U.S. oil firms would support their government’s efforts to secure Libya’s removal from the U.S. state sponsors of terrorism list.

Current Congressional Issues

Prior to the announcement of plans to restore full diplomatic relations with Libya, some Members of Congress vocally supported further U.S. engagement in response to Libya’s decision to rid itself of its weapons of mass destruction and long-range missile development programs. Many Members have welcomed the

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14 After an August 2005 visit to Libya, Senate Committee on Foreign Relations Chairman Lugar called Libya “an important partner for [the United States] on the war against terrorism,” and indicated that he would “work constructively on the assumption that it’s in our best interest to normalize the relationship, to get an embassy there, to get an ambassador.” Representative Lantos introduced the “United States–Libya Relations Act of 2005” (H.R. 1453) calling for the dispatch of a charge d’affaires to Libya, the negotiation of an agreement for the establishment of a full U.S. embassy in Tripoli, and a number of cooperative security, economic, and cultural initiatives. Sylvia Smith, “Libya Wins Lugar, (continued...)
announced changes, although some Members have been vocal in calling for the Administration to obtain assurances from the Libyan government that it will adequately resolve the outstanding claims of some U.S. terrorism victims. Section 40 of the Arms Export Control Act (22 U.S.C. 2780) allows Congress to reject the rescission of Libya’s terrorism-related listings and to reinstate the ban on the sale of U.S. defense articles by passing a joint resolution. However, it appears unlikely that such a joint resolution will be offered or approved prior to the close of the 45-day congressional notification period that began on May 15, 2006.

**Legislative Efforts on Behalf of U.S. Terrorism Victims.** Congressional concern over outstanding claims of U.S. terrorism victims has accompanied efforts to restore full diplomatic relations between the United States and Libya. In 2005, Senator Levin offered an amendment (S.Amdt. 1497) during consideration of the National Defense Authorization Act for Fiscal Year 2006 (P.L. 109-163) that would have prohibited the use of any U.S. funds to support further “negotiations towards normalizing relations” with Libya until the Administration certified to Congress that the Libyan government had “made a good faith offer” to redress the compensation claims of U.S. military personnel injured in the 1986 La Belle nightclub bombing and the families of the two U.S. servicemen killed in the attack. The amendment was eventually withdrawn.

On June 7, 2006, the Senate passed S.Res. 504, which expresses the sense of the Senate that the President should not accept the credentials of any Libyan government representative without the expressed understanding that the Libyan government will “continue to work in good faith to resolve outstanding cases of United States victims of terrorism sponsored or supported by Libya, including the settlement of cases arising from the Pan Am Flight 103 and LaBelle Discotheque bombings.” A similar House resolution (H.Res. 838) calls for “the fulfilment of Libyan financial commitments” to victims’ families and has been referred to the Committee on International Relations.

**Embassy Relocation and Diplomatic Representation.** In conjunction with the restoration of full diplomatic relations, the United States has upgraded its Liaison Office in Tripoli to an Embassy, which will move to an interim location during late 2006. Libyan demonstrators attacked and burned the former U.S. Embassy in December 1979. Plans to procure property for a new U.S. embassy are under review, and State Department officials hope to move to a new compound by 2009. No supplemental funding requests have been submitted to support the upgrade. The Administration has not yet submitted a nominee for the U.S. ambassadorship to Libya.

14 (...continued)

15 *Congressional Record*, Senate, July 26, 2005.
Political and Economic Profile

Muammar Al Qadhafi: A Profile. Muammar Al Qadhafi was born in 1942 near the central coastal city of Sirte. His Arabized Berber family belongs to the relatively small Qadhafa tribe, and his upbringing was modest. As a young man Qadhafi identified strongly with Arab nationalist and socialist ideologies espoused by leaders such as Egypt’s Gamel Abdel Nasser. Although he was excluded from the elite Cyrenaica Defense Forces on a tribal basis during the Libyan monarchy period (see Appendix A), Qadhafi was commissioned as a regular army captain following stints at the Libyan military academy in Benghazi and the United Kingdom’s Royal Military Academy at Sandhurst. Following his return to Libya, he led the September 1, 1969 overthrow of the Libyan monarchy with a group of fellow officers. He was 27 years old.

Qadhafi has proven to be a controversial, complex, and contradictory political survivor during his long reign in Libya, in spite of numerous internal and external challenges to his rule. He has exercised nearly complete, if, at times, indirect political control over Libya over the last thirty-plus years by carefully balancing and manipulating complex patronage networks, traditional tribal structures, and byzantine layers of national, regional, and local governance. Libya’s foreign and domestic policies nominally have been based on his personal ideology. In the past, Qadhafi and his supporters have imposed his theories with realistic purpose and precision, not hesitating to crush coup attempts, assassinate dissidents abroad, or sponsor violent movements and terrorist attacks against Libya’s perceived external enemies.

Personally, Qadhafi often is described as mercurial, charismatic, shrewd, and reclusive. He is married and has eight children: seven sons and one daughter. An April 1986 U.S. air strike in retaliation for a Libyan-sponsored anti-American bombing in Berlin hit one of his homes in Tripoli, killing his adopted infant daughter and hospitalizing members of his immediate family. The incident continues to be a source of personal anger and resentment for Qadhafi: he has preserved the bombed out ruins of the home in the military compound where it stood, and he remarked on the death of President Ronald Reagan in 2004 that the former U.S. president had died before he could be prosecuted for the “ugly crime that he committed in 1986 against the Libyan children.”

Political Dynamics

Libya’s often contradictory political dynamics are a product of competing interest groups seeking to influence policy within the confines of the country’s authoritarian political system and amid Libya’s emergence from international isolation. Elements of Muammar Al Qadhafi’s ideology permeate political discourse on many security and foreign policy issues, while in other cases, such as economic reform, new frameworks are being embraced to meet society’s current and changing needs. The legacies of colonial occupation and Libya’s struggle for independence continue to influence Libyan politics; rhetorical references to preserving sovereignty

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and resistance to foreign domination are common in political statements. Most Libyans also accept a prominent role for Islamic tradition in public life: Islam is the official religion and the Quran is the basis for the country’s law and its “social code.”

Tribal relationships remain important, particularly with regard to the distribution of leadership roles in government ministries and in political-military relations. Tribal loyalties remain strong within and between branches of the armed services, and members of Qadhafi’s tribe, the Qadha fa, hold many high ranking government positions, including key positions in the air force. Members of larger, rival tribes, such as the Warfalla, have opposed the regime on grounds of tribal discrimination. Some Libyan military and security officials staged limited, unsuccessful coup attempts against Qadhafi in 1993 and 1996 based in part on tribal and familial rivalries. The Qadhafi government has performed periodic reassignments and purges of the officer corps to limit the likelihood of organized opposition reemerging from within the military. However, these political considerations have affected the military’s preparedness and war fighting capability.

Political parties and all opposition groups are banned in Libya under Law number 71 of 1972. Formal political pluralism is frowned upon by many members of the ruling elite, even as an increasing number of regime figures advocate for greater popular participation in existing government institutions. Opposition groups, most notably the Muslim Brotherhood, appear to have shifted their political strategies toward gradual attempts to influence national policy making in contrast to others’ confrontational efforts to change the makeup of the regime. Prominent figures in Libyan politics include Muammar Al Qadhafi’s son Sayf Al Islam Al Qadhafi,17 General People’s Committee Secretary Al Baghdadi Ali Al Mahmudi, National Oil Company chief Shukri Ghanem, Foreign Minister Abd Al Rahman Shalqam, and prominent members of the security establishment, including intelligence chief Musa Kusa and army leader and original RCC member Abu Bakr Younis Jaber.

**Government Structure**

Libya has a unique political system composed of nominally decentralized and participatory levels of government. Muammar Al Qadhafi and his closest supporters exercise final authority over domestic and foreign policies by means of their control of the implementation mechanisms of the national government — the sizeable military and security apparatus and a handful of powerful ministries. Qadhafi’s ideological emphasis on “the authority of the people” is the stated basis for the operation of Libya’s multiple levels of government. Although participation in these institutions is mostly open and political leaders routinely encourage citizens to take part in their deliberations, most external observers regard Libya’s political system as largely authoritarian and undemocratic. The U.S. State Department’s annual human rights reports document ongoing restrictions on political life and human rights in Libya.

The “Authority of the People”. A hierarchy of “people’s congresses” make up Libya’s government and serve as venues for the exercise of “popular authority” as defined by Muammar Al Qadhafi’s ideology. At the local level, citizens meet in Basic People’s Congresses to appoint representatives to regional and ultimately the national General People’s Congress. Participation in the basic congresses is open to all Libyan citizens, although participation rates are notoriously low and Qadhafi regularly makes public statements expressing his disappointment with participation levels and urging broader popular involvement in public affairs. At the March 1, 2000, session of the General People’s Congress, Qadhafi abolished the positions of 12 General People’s Committee (cabinet-equivalent) secretaries and reassigned their duties to provincial committees. Secretariats of foreign affairs, justice, public security, and finance remained under the authority of the centralized General People’s Committee. Some experts have argued that the decentralization was designed to deflect popular criticism from the central government and further dilute political opposition within the country.

In March 2006, the Libyan government announced the replacement of Secretary (prime minister-equivalent) of the General People’s Committee Shukri Ghanem by former Health Minister Al Baghdadi Ali Al Mahmudi. A cabinet reshuffle and the creation of seven new ministries also were announced. The replacement of the reform-oriented Ghanem has been interpreted by some observers as an effort by conservative and hard-line elements of the Libyan political establishment to reassert control over the speed and direction of Libya’s reform efforts. Ghanem now serves as the director of the National Oil Company, where he will oversee a third round of international bidding for new oil exploration and production-sharing agreements.

Opposition Groups

The government has dealt harshly with opposition leaders and groups over the last three decades, establishing special “people’s courts” and “revolutionary committees” to enforce ideological and political discipline and to punish violators and dissidents. Abroad, Libyan intelligence personnel have monitored, harassed, and, in some cases, assassinated expatriate dissidents, some of whom were referred to as “stray dogs.” Libya’s myriad opposition movements can be categorized broadly as Islamist, royalist, or democratic in orientation. However, their activities and effectiveness have been largely limited by disorganization, rivalry, and ideological differences. New efforts to coordinate opposition activities have begun in response to Libya’s reintegration to the international community and the emergence of a broader political reform debate in the Arab world. However, most observers do not regard any of Libya’s current opposition groups as a serious threat or alternative to the current government.

Exiles. In the past, government officials and intelligence operatives have monitored and taken violent action against expatriate opposition groups and leaders, including in Europe and the United States. Clandestine opposition groups also have carried out assassinations and attacks against Libyan government officials abroad. Opposition groups in exile include the National Alliance, the Libyan National Movement (LNM), the Libyan Movement for Change and Reform, the Islamist Rally, the National Libyan Salvation Front (NLSF), and the Republican Rally for Democracy and Justice. A royalist contingent based on the claim to the throne by
Mohammed Al Sanusi, the grandson of the former king, is based in London. These
groups and others held an opposition conference in July 2005 in London and issued
a “national accord,” calling for the removal of Qadhafi from power and the
establishment of a transitional government. In a September 2005 interview, Foreign
Minister Abd Al Rahman Shalqam characterized some of the regime’s expatriate
opponents as individuals who fled the country after committing economic crimes or
collaborating with foreign intelligence services. He then invited any expatriate
dissidents who had not committed crimes to return to Libya. In August 2005, the
government announced the return of 787 exiles who agreed to reconcile with the
Qadhafi regime.

**The Muslim Brotherhood.** Like other political organizations and opposition
groups, the Muslim Brotherhood is banned in Libya under law number 71 of 1972.
Since the late 1940s, when members of the Egyptian Muslim Brotherhood first
entered Libya following a crackdown on their activities, the Libyan Muslim
Brotherhood has existed as a semi-official organization. Hundreds of Brotherhood
members and activists were jailed in 1973, although the Brotherhood eventually
reemerged and operated as a clandestine organization for much of the following two
decades. In 1998, a second round of mass arrests took place, and 152 Brotherhood
leaders and members were arrested. Several reportedly died in custody, and,
following trials in 2001 and 2002, two prominent Brotherhood leaders were
sentenced to death and over 70 were sentenced to life in prison. The government
announced a retrial for the imprisoned Brotherhood activists in October 2005, and
in March 2006, the group’s 84 remaining imprisoned members were released. The
controller general of the Libyan Muslim Brotherhood, Suleiman Abdel Qadir,
describes the Brotherhood’s objectives as peaceful and policy-focused, and has called
for the cancellation of laws restricting political rights. Sayf Al Islam Al Qadhafi
has reached out to the Libyan Muslim Brotherhood by publicly characterizing the
organization as nonviolent and non-seditious.

**Libyan Islamic Fighting Group (LIFG).** The Libyan Islamic Fighting
Group (LIFG) is a violent Islamist movement opposed to the Qadhafi government
and allied with Al Qaeda and other international jihadist groups. According to the
Department of State, the LIFG has attempted to assassinate Qadhafi, most recently
in 1996, and may have participated in the planning of the May 2003 suicide
bombings in Casablanca, Morocco.\footnote{23} The United States froze the LIFG’s U.S. assets under Executive Order 13224 in September 2001, and formally designated the LIFG as a Foreign Terrorist Organization in December 2004. Some observers have characterized the designation as a gesture of solidarity with Libya and have argued that the ability and willingness of the LIFG to mount terror attacks in Libya may be limited. Others claim that LIFG fighters have allied themselves with other violent Islamist groups operating in the trans-Saharan region, and cite evidence of Libyan fighters joining the Iraqi insurgency as an indication of ongoing Islamist militancy in Libya and a harbinger of a possible increase in violence associated with fighters returning from Iraq.\footnote{24} In mid-2005, Sayf Al Islam Al Qadhafi referred to plans to release some jailed members of the LIFG and other violent Islamist groups from prison, following their renunciation of violence and pledge to participate in society peacefully.\footnote{25} In February 2006, the U.S. Department of the Treasury designated five individuals and four entities in the United Kingdom as Specially Designated Global Terrorists for their role in supporting the LIFG.\footnote{26}

### Political Reform and Human Rights

The authoritarian Libyan government’s poor human rights record has been documented by world governments and international human rights monitors for much of the last 35 years. Annual reports on political and human rights conditions from the U.S. State Department and international groups such as Amnesty International and Human Rights Watch have catalogued a broad range of recurring abuses including arbitrary arrest, incommunicado detention, torture, a general ban on political opposition, and official limitations on public speech, assembly, and press activity.\footnote{27}

Since 2003, Libyan political figures, including Muammar Al Qadhafi and his son Sayf Al Islam Al Qadhafi, have made a series of public statements and policy announcements in an effort to repair Libya’s reputation with regard to human rights practices. Some tangible steps have been taken, and Libyan authorities report that legal reforms are under way that may improve the protections and rights afforded to citizens. Judicial entities associated with human rights abuses and political control in the past, such as “revolutionary courts” and “people’s courts,” reportedly have been dismantled. As a result, some observers have expressed cautious optimism that political, social, and religious freedom may be improving in Libya. Others continue

to warn that such reforms may be merely cosmetic and meant to support the government’s efforts to improve its domestic legitimacy and international standing.

**Legal and Institutional Reform.** Libyan law prohibits the activities of all political opposition groups and restricts the free exercise of speech and the press.\(^{28}\) Since Qadhafi’s 1969 coup, little legal recourse has been available to citizens accused of political crimes. Nevertheless, officials recently have announced plans to embark upon a full review of the country’s Penal Code and Code of Criminal Procedure to eliminate restrictive laws regarding political activity. New draft laws were scheduled to be submitted to the General People’s Congress for consideration and approval during late 2005 or early 2006.\(^{29}\) Sayf Al Islam Al Qadhafi also has called for a constitution to clarify the power of different legislative, executive, and judicial institutions in Libya and has endorsed ongoing legal reforms as a means to “provide a free environment that is suitable for a normal political life.”\(^{30}\)

In support of these efforts, some institutional changes have been instituted to improve political and human rights conditions. In March 2004, the General People’s Committee Secretariat of Justice and Public Security was split into two separate secretariats in an effort to establish greater judicial independence. In January 2005, the General People’s Congress approved a law abolishing judicial institutions known as “people’s courts” and “revolutionary courts” that, until recently, tried suspected regime opponents, sometimes in secret. International human rights organizations welcomed the abolition of the people’s court system as an “important step” and urged Libyan authorities to grant new trials to prisoners convicted by the courts, including several who were convicted in late 2004.

**Human Rights Monitoring.** The Libyan government has not permitted the establishment of independent human rights organizations but recently invited international human rights groups Amnesty International and Human Rights Watch to Libya for the first time in 15 years. In late 2004 and early 2005, representatives from both organizations toured various security facilities and prisons and met with selected imprisoned dissidents. A January 2006 Human Rights Watch report based on research conducted during the visit concluded that “Libyan leader Mu’ammar al-Qadhafi and his inner circle appear unwilling to implement genuine reform, especially in the areas of free expression and association,” although the Libyan

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\(^{28}\) According to the U.S. State Department, Libyan law provides for freedom of speech “within the limits of public interest and principles of the Revolution.” In practice, criticism of the government and Qadhafi are restricted and often punished. By law, print and broadcast media in Libya are owned and operated by government authorities. Satellite and Internet access are limited and partially censored.


government has taken “some positive steps” to improve human rights conditions since 2003.31

Since 2004, Sayf Al Islam Al Qadhafi has publicly supported a pro-human rights agenda and has created an official human rights monitoring body under the auspices of the Qadhafi International Foundation for Charitable Associations. The foundation’s Human Rights Society now operates a national hotline for Libyans to report cases of unlawful detention, seizure of property or assets, and death or injury at the hands of security personnel.32 Reports also suggest that the government intends to review all reported cases of human rights abuses and property crimes and to compensate victims as part of a national reconciliation program.

**Fathi Al Jahmi.** Human Rights Watch reported in May 2006 that Fathi Al Jahmi, Libya’s most internationally recognized political prisoner, may be facing a death penalty sentence on charges of belonging to, supporting, or calling “for the establishment of any grouping, organization or association proscribed by law.”33 Al Jahmi was imprisoned in 2002 after publicly calling for elections and press reforms and for criticizing Muammar Al Qadhafi and the government. President Bush praised Al Jahmi’s subsequent release in March 2004 under a suspended sentence, but Al Jahmi was soon rearrested after he repeated his calls for reform and expanded his criticism of Qadhafi in interviews with regional satellite channels, including U.S.-funded *Al Hurra*. Al Jahmi has been detained since late March 2004 and may be in ill health. In an on-the-record briefing on May 15, 2006, Assistant Secretary of State for Near Eastern Affairs C. David Welch called the Al Jahmi case “troubling” and indicated that U.S. officials continue to raise the issue with their Libyan interlocutors.34

**Energy and the Libyan Economy**

Until the discovery of oil in 1959, Libya’s economic viability was seriously questioned by many outside observers. Foreign aid and subsidies largely supported the national budget, until the introduction of massive amounts of oil revenue transformed the country’s economy and social fabric. Following the September 1, 1969 military coup, Qadhafi and his government restructured Libya’s economy along socialist lines, placing a heavy emphasis on national management of industry and resource allocation. However, the economy remained highly dependent on oil revenue and thus highly vulnerable to fluctuations in global oil prices.35 Recently, the government has announced its intention to reverse state ownership trends associated with the country’s long experiment with socialism. Economic diversification and

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resource management remain challenges for the government and private sector as they seek to revive the economy and capitalize on interest from foreign investors.

Oil revenue has been the lifeblood of the Libyan economy and government since exports began in 1961, accounting for 95% of Libya’s annual foreign currency earnings and 75% of annual government revenue in recent years. Since 1998, rising oil prices have led to a tripling in Libyan oil revenue, reaching $18.1 billion in 2004 and projected to reach $19.4 billion in 2005. The increase has spurred corresponding growth in the economy. Libyan leader Muammar Al Qadhafi stated recently that Libyans are “very happy” with the current price level in the global oil market, although he has underlined the importance of creating alternative sources of revenue and economic growth in recent public statements.

**Oil Reserves and Production Capacity.** Libya’s proven oil reserves are estimated at 39 billion barrels (ninth largest in the world). Libyan officials estimate that over 60% of the country has yet to be surveyed for oil and gas deposits, which could hold an additional 76 billion barrels of oil. The Libyan National Oil Company (NOC) manages oil production activity and negotiates exploration and production agreements with foreign companies. Oil exploration and production are carried out on the basis of a 1955 oil law, and Libyan authorities reportedly are drafting a new law to govern production activities and reform the foreign investment approval process. Foreign investment is regulated through exploration and production agreements negotiated by foreign companies and the NOC. Most of Libya’s oil is exported to Italy, Germany, France, and Spain. However, following the resumption of crude oil exports to the United States in June 2004, oil shipments to U.S. refiners have increased, totaling 6.7 million barrels by the end of 2004.

Until recently, Libyan oil production had steadily declined from its peak of 3.3 million barrels per day (b/d) in 1970 due to the deterioration of production equipment and infrastructure related to strict investment controls and international sanctions. Libya currently produces 1.7 million barrels per day (b/d), which officials have stated is currently the sector’s maximum capacity. Since the termination of U.N. and U.S. sanctions in 2003 and 2004, Libya has sought foreign investment to rehabilitate and expand its oil production capacity and expects $11 billion in oil production related investment from 2005 to 2015. Current government production targets are 3 million barrels per day. 

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b/d by 2011 and 3.6 million b/d by 2019.\textsuperscript{40} The Libyan government has indicated that it expects Libya’s production capacity to increase 18% by the end of 2006.\textsuperscript{41}

**New Exploration and Production-Sharing Agreements.** In addition to negotiating the return of U.S. oil companies to their former production areas, Libyan officials are presiding over a bidding process for new exploration and production-sharing agreements. Known as “EPSA IV,” the fourth round of foreign agreement bidding since the process began in 1979 is opening large areas of onshore and offshore Libyan territory to new oil and gas exploration and production. In January 2005, Libyan officials announced the results for the first fifteen EPSA-IV exploration blocks, which cover an area of 51,000 square miles. Of the 63 international firms that were approved by Libyan authorities and submitted bids, U.S. firms won exploration licenses for 11 of the 15 blocks, whether as sole producers or as members of consortia. Occidental Petroleum, which has secured a return to its former concessions, led the U.S. companies with nine successful bids, and Amerada Hess and Chevron Texaco also secured new licenses. Representatives from Occidental Petroleum have stated that the company expects to begin exploratory drilling in its new license areas in early 2006.

Winners of the second batch of EPSA IV bids were announced on October 2, 2005. European and Asian firms received most of the licenses, and Exxon-Mobil was the sole U.S. license recipient. Two additional bidding rounds are scheduled to be held in 2006. Some oil and gas market analysts have speculated that the approval of the majority of production licenses for U.S. companies in the first EPSA-IV round may have been intended as an economic reward to the United States for agreeing to lift its bilateral sanctions against Libya. Others have argued that U.S. firms were successful because of their willingness to agree to production share terms that heavily favored the Libyan government and agreed to pay large signing bonuses. European and Asian oil companies have expressed strong interest in participating in new Libyan ventures and are expected to submit competitive bids in the upcoming rounds.

**Natural Gas.** Libya’s proven natural gas reserves are estimated to be 52 trillion cubic feet, although, like the country’s oil reserves, Libya’s gas holdings may be significantly higher given the generally under-explored status of Libyan territory. As with oil production, the development of natural gas production and export capacity has been limited by restrictive investment policies and international sanctions. Nevertheless, Libya has been able to use natural gas for some domestic power generation and for limited exports to some European countries. Shell recently reached an agreement with Libyan authorities to explore for natural gas deposits and to upgrade Libya’s aging liquefied natural gas plant at Marsa Al Brega.\textsuperscript{42} Libyan authorities also are reportedly pursuing pipeline agreements with neighboring North African states to improve export access to European markets. Representatives from British Petroleum (BP) also are discussing natural gas projects with Libyan officials.

\textsuperscript{40} Interview with Tarek Hassan-Beck, *International Oil Daily*, Sept. 30, 2005.

\textsuperscript{41} *Dow Jones Intl.*, “Current Libya Oil Output At Maximum 1.7M B/D,” June 13, 2005.

Military Profile and WMD Disarmament

The Libyan Military

Structure, Training, and Equipment. Libya’s mostly conscripted military forces are small relative to the large amount of weaponry at their disposal (see Table 1 below). Most outside military analysts regard the training and leadership of Libyan forces as poor and identify a lack of combined arms and joint service planning as factors that limit their overall effectiveness. The Qadhafi government historically has made the acquisition of weapons and equipment a higher priority than training or creating high-quality military support infrastructure.

Table 1. Libyan Military Personnel

<table>
<thead>
<tr>
<th>Service</th>
<th>Personnel</th>
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</thead>
<tbody>
<tr>
<td>Army</td>
<td>45,000</td>
</tr>
<tr>
<td>Air Force</td>
<td>23,000</td>
</tr>
<tr>
<td>Navy</td>
<td>8,000</td>
</tr>
<tr>
<td>Revolutionary Guard Corps</td>
<td>3,000</td>
</tr>
<tr>
<td>Reserve Militia</td>
<td>40,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>119,000</strong></td>
</tr>
</tbody>
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Libya’s army, navy, and air forces are equipped with a broad range of aging Soviet and Eastern Bloc equipment, although the country’s poorly maintained inventories also include some U.S. and western European arms, including French Mirage fighters and U.S. C-130 transports. Libya’s exorbitant military spending in the late 1970s and early 1980s yielded an unmanageable crop of diverse weapon systems from various sources and manufacturers. Purchases declined significantly during the 1990s because of international sanctions, which limited the revenue available for defense spending. Libya’s current military leadership presides over a largely stored and surplus catalogue of weaponry with poor maintenance records. The military also lacks sufficient numbers of trained personnel to operate the military equipment currently in its possession.


44 Senior Middle East security analyst Anthony Cordesman has described Libya as “the world’s largest military parking lot.” For a more detailed profile of the Libyan military, see Anthony H. Cordesman, The Military Balance in the Middle East, Center for Strategic and International Studies, Mar. 15, 2004, pp. 79-85.
Arms Sales. The subject of renewed arms sales to Libya remains a sensitive subject in the United States and some European countries whose citizens were killed in Libyan sponsored terrorist attacks during the 1980s. The European Union lifted its arms embargo against Libya in October 2004. Barring a joint resolution of Congress rejecting the planned rescission of Libya’s designation as a state sponsor of terrorism, the U.S. ban on export of defense articles will lapse at the end of a 45-day notification period, which began May 15, 2006. Qadhafi reportedly has expressed interest in procuring U.S., European, and Russian weapon systems. France, Spain, Ukraine, and Russia are among the countries reportedly interested in refurbishing and replacing Libya’s weapon stocks.  

WMD Programs and Disarmament

Nuclear, Chemical, and Ballistic Missile Programs. Despite Libya’s membership in the Nuclear Non-Proliferation Treaty (NPT), Libyan leader Muammar Al Qadhafi made several efforts to acquire nuclear weapons related technology assistance, beginning in the early 1970s. The most renowned was his reported unsuccessful request for a working nuclear weapon from China in the 1970s. Other unsuccessful attempts to acquire nuclear energy technology useful to the development of nuclear weapons were subsequently made through contacts with the Soviet Union, the United States, France, India, Pakistan, Japan, and Argentina. Nonetheless, most experts agree that Libya never had a dedicated indigenous nuclear weapons program. Over the next 25 years, Qadhafi made several public statements in which he argued that Arab states were compelled to develop their own nuclear weapons capability in response to Israel’s development of nuclear weapons. Libya established a small nuclear research reactor at Tajura in 1979 with Soviet assistance, and entered into several rounds of negotiations with Soviet and French authorities for the construction of large nuclear power facilities that were never concluded.


46 For a detailed discussion of Libya’s WMD programs and disarmament see CRS Report RS21823, Disarming Libya: Weapons of Mass Destruction, by Sharon A. Squassoni and Andrew Feickert.


48 In 1987, for example, Al Qadhafi said that, “Now that the Israelis possess the atomic weapon, the Arabs have nothing before them except to work day and night to possess the atomic weapon in order to defend their existence.” Reuters, “Gaddafi Urges Arabs to Develop Nuclear Weapons,” Sept. 2, 1987. See also San Francisco Chronicle “Khadafy Wants Arab A-Bombs,” June 23, 1987; and Agence France-Presse, “Libya Urges Arabs to Get Nuclear Arms,” Jan. 27,1996. Qadhafi made similar remarks in a March 2002 interview: “We demanded the dismantling of the weapons of mass destruction that the Israelis have ... Otherwise, the Arabs will have the right to possess that weapon.” John Bolton, Remarks to the Heritage Foundation, Washington, DC, May 6, 2002.
According to several press accounts, Libyan officials reached an agreement with Pakistani nuclear scientist Dr. Abdul Qadeer Khan in 1997 for Khan and his illicit proliferation network to provide the Libyan government with a nuclear weapons design and the uranium enrichment technology it desired. These accounts and International Atomic Energy Agency reports describe how, over the next six years, a complex network of companies and individuals in Malaysia, Switzerland, Pakistan, Spain, Turkey, South Africa, Germany, the United Kingdom, and the United Arab Emirates supplied Libya with uranium enrichment components.49

Libya’s chemical weapons programs were more advanced and independent than its nuclear weapons development activities. In 1986 and 1987, U.S. officials suspected Libya of using Iranian-supplied chemical weapons against military forces in neighboring Chad and provided the Chadian military with protective equipment to guard against further Libyan attacks.50 During the late 1980s and early 1990s, the Libyan government developed chemical weapons production facilities at Rabta, Sebha, and Tarhuna with technology acquired from a number of western European and Asian firms.51 The plants produced large amounts of chemical weapons and components, including 23 tons of mustard gas. Libya’s ballistic missile program relied on foreign technical assistance to produce Scud-B and a limited number of Scud-C missiles but was limited by a lack of indigenous technical skill and ineffective management.52

Termination of WMD and Missile Programs. In 1999, Libyan officials approached the Clinton Administration and offered to dismantle Libya’s chemical weapons programs in exchange for a loosening of U.S. terrorism sanctions. The offer was rejected in an effort to maintain pressure on Libya to comply with U.S. and United Nations demands in the Lockerbie airliner bombing case. Following the Lockerbie settlement, Sayf Al Islam Al Qadhafi and intelligence chief Musa Kusa re-engaged with U.S. and British intelligence authorities beginning in March 2003 regarding Libya’s weapons of mass destruction programs. The October 2003 naval interception of the freighter BBC China, which was carrying centrifuge components


to Libya, accelerated negotiations and led to assessment visits by U.S. and British personnel later that month and in early December 2003.

On December 19, 2003, Foreign Minister Abd Al Rahman Shalqam read a statement on Libyan national television announcing the government’s decision to dismantle its weapons of mass destruction and long range missile programs and to invite international inspectors to Libya to remove materials and perform verifications. Qadhafi publicly endorsed the statement, paving the way for the removal of WMD-related equipment from Libya in January and March 2004. Subsequent reviews of seized material and interviews with Libyan officials indicated that Libya remained far from developing a nuclear weapons capability, although A.Q. Khan sold Libya a crude nuclear weapons design and some components necessary to begin a uranium enrichment program. However, as of late 2003, Libya had not obtained key pieces of equipment, such as a sufficient number of high precision rotors to power its enrichment centrifuges.

Motives for Disarmament. Officials and independent observers have attributed Libya’s decision to end its pursuit of weapons of mass destruction to a number of factors. Administration officials have argued that U.S. military action in Iraq in 2003 demonstrated to Libya the resolve of the Bush Administration to eliminate perceived threats to U.S. security posed by states associated with terrorism and in pursuit of weapons of mass destruction. In contrast, Libyan officials have denied that external pressure or threats influenced their government’s decision making processes and have characterized the decision as a sovereign initiative to restore Libya's ties with the international community and improve its security and economy. Most independent observers have argued that Libya’s decision was a calculated move designed to extricate the country from the international sanctions regime that was limiting its economic activity and contributing to the deterioration of its vital oil and natural gas infrastructure. Libyan officials have pointed to the financial and economic rewards associated with its international re-engagement, although, prior to the restoration of full diplomatic relations, Qadhafi stated his belief that Libya should be more directly and substantively rewarded by the United States for its decision to disarm.

International Controls and Inspections. Libya acceded to the Nuclear Non-Proliferation Treaty (NPT) in 1975. Libya’s nuclear research facility at Tajura has been subject to IAEA safeguards since 1980. Since Libya announced its intent to abandon its weapons of mass destruction programs, the International Atomic Energy Agency (IAEA) and the Organization for the Prohibition of Chemical Weapons (OPCW) have monitored and assisted in ongoing disarmament activities.


Libya signed an “additional protocol” agreement in March 2004 granting IAEA inspectors greater access to its nuclear facilities. The IAEA continues to evaluate Libyan disclosure statements related to the scope of its uranium enrichment and nuclear weapons development activities, particularly with regard to the sources of the materials Libya acquired from the proliferation network of Pakistani scientist Abdul Qadeer Khan. As a result of the 2003 WMD disarmament decision, Libya signed the Comprehensive Nuclear Test Ban Treaty (CTBT) and acceded to the Chemical Weapons Convention (CWC) in 2004. Libya also committed to eliminating all its ballistic missiles beyond a 300-kilometer range with a payload of 500 kilograms and agreed to abide by Missile Technology Control Regime (MTCR) guidelines.

As of October 2005, all materials and components associated with Libya’s nuclear weapons development program had been removed and all associated activities had stopped. Libya returned highly enriched nuclear fuel assemblies from its Tajura research reactor to Russia in 2004, and Russia replaced them with low enriched uranium fuel in December 2005 as part of a program co-sponsored with the International Atomic Energy Agency and the U.S. Department of Energy. Libya has submitted an inventory of its chemical weapons and related activities to the OPCW and has destroyed over 3,500 munitions designed to disperse chemical agents. The OPCW has verified Libya’s inventory and approved the conversion of a chemical weapons facility into a pharmaceutical plant for the production of HIV/AIDS and malaria medication. The Department of State began retraining assistance programs for Libyan scientists in 2004, and President Bush waived provisions of the Arms Export Control Act in order to allow U.S. firms to “possibly participate” in the destruction of Libya’s remaining chemical munitions and precursors, which is scheduled to be complete by April 2007.


Further Reading and Historical Resources


Economist Intelligence Unit, *Libya: Country Report 2004*


Appendix A: Libya’s Pre-Qadhafi History

Libya’s Colonial Experience

The Ottoman Empire and Qaramanli Dynasty. Ottoman forces first occupied the coastal regions of the territory that now constitutes Libya in the mid-16th century. However, Ottoman administrators faced stiff and near constant resistance from tribal confederations and a rival independent state in the Fezzan region, all of which limited the Ottomans’ political influence. Beginning in 1711, a semi-independent state under Turkish official Ahmed Qaramanli emerged in Tripoli and established control over the Ottoman provinces of Tripolitania and Cyrenaica, with Fezzan remaining contested. The Qaramanli family maintained its power and independent rule until the early 19th century through naval privateers and pirates under its control who were used to collect tribute and ransom from merchant vessels seized in the Mediterranean Sea.

“The Shores of Tripoli”. The Qaramanli naval forces of Tripoli formed one component of a regional grouping commonly referred to as “the Barbary pirates,” which played a pivotal role in shaping the foreign and military policies of the young United States. Beginning in the late 1780s, a series of confrontations between U.S. merchant ships and naval raiding parties from Tripoli and other neighboring city-states such as Algiers and Tunis led to the destruction of U.S. maritime cargo and the seizure of U.S. hostages. Subsequent negotiations between the United States and the governments of the Barbary states concluded with the signing of some of the first bilateral treaties in U.S. history, including U.S. agreements to pay tribute to Tripoli in exchange for the safe passage of U.S. vessels off what is now the Libyan coast.

Disputes over the terms of this bilateral agreement and continuing attacks on U.S. merchant ships impressed upon the U.S. government the need for a naval protection force to safeguard U.S. commercial activity in the Mediterranean. This need eventually was satisfied by the creation of the United States Navy by Congress in April 1798. An attack on the U.S. consulate in Tripoli in 1801 and further attacks on U.S. ships sparked open hostilities between the newly commissioned light naval forces of the United States and the privateers of Tripoli. Frequent naval engagements from 1801 to 1805 were often won by U.S. forces, but one skirmish in 1804 ended with the grounding of the U.S.S. Philadelphia and the capture of her crew. The conflict culminated in the overland seizure of the eastern Libyan city of Darnah by U.S. Marines and a team of recruited indigenous forces in 1805 - the basis for the reference to “the shores of Tripoli” in the Marine Corps hymn. The fall of Darnah compelled the Qaramanli leadership in Tripoli to relent to demands to ransom the U.S. prisoners and sign a “treaty of peace and friendship.”

The decline of Qaramanli naval power following the confrontation with the United States contributed to the dynasty’s steady loss of political power. Ottoman authorities reoccupied Tripoli in 1835 and began a campaign to pacify and coopt the region’s tribal confederations. The Ottomans solicited the cooperation of the leaders of a conservative revivalist Sufi order known as the Sanusiyyah based in Cyrenaica, which they allowed to raise an independent militia and participate in a tacit ruling partnership. Although the Ottoman administrative structure imposed in the 19th
century formed the basis for a centralized state, the penetration of Ottoman political power remained incomplete and regional resistance to Ottoman reforms and central authority persisted into the 20th century.

**Italian Annexation and Post War Uncertainty.** Italy annexed Tripolitania and Cyrenaica in 1911, and the Ottoman Empire’s subsequent release of its claim to its territory in 1912, marked the beginning of a violent twenty-year period of resistance to Italian rule led by the Sanussi order and local tribes. The Italian occupation authorities dismantled the remaining Ottoman governing structures and disrupted the activities of social and cultural institutions across Libya. Sanussi resistance fighters were defeated during World War I, and the international community formally recognized Italian control over the territory in 1924. A second round of anti-Italian insurgency spurred a violent crackdown by Italian forces under Mussolini, who renamed the territory Libya in 1929. Resistance based in Cyrenaica was worn down and ultimately crushed by 1931. In 1934, Italian peasant colonists began entering the provinces, leading to the displacement of local farmers and the uprooting of established agricultural communities across the country. The population of Cyrenaica remained hostile to Italian rule and its Sanussi leaders allied themselves with British colonial forces in neighboring Egypt.

During the Second World War, Libya served as a staging ground for Italian and German attacks on French North Africa and British-held Egypt. Pivotal battles took place in Cyrenaica from 1940 to early 1943, when German and Italian forces were forced from Libya by British troops under General Bernard Montgomery. British-organized Sanussi fighters played a role in supporting allied operations against German and Italian forces. Following the war, Libya’s provinces were divided under British and French protection until the disposition of Italy’s former colonies could be negotiated. Protracted and complex negotiations continued for years. In November 1949, U.N. General Assembly Resolution 289 declared that the three disparate regions would be united in a single, independent state. The resolution also dispatched a United Nations Commissioner to assist a national assembly representing the regions in creating institutions for a new state that was to assume sovereignty no later than January 1, 1952. The strength of tribal and regional identities complicated the subsequent negotiations and strongly influenced the new government following independence.

**Independence and Monarchy, 1951-1969**

A constitution agreed to by the U.N.-assisted National Constituent Assembly in October 1951 established a federal system of government with central authority vested in King Idris As Sanussi I and legislative authority vested in a Prime Minister, a Council of Ministers, and a bicameral legislature. On December 24, 1951, the United Kingdom of Libya became one of the first independent states in Africa. The first parliamentary election was held in February 1952, one month after independence. Political parties were banned by the king shortly after independence was declared, and Libya’s first decade of independence was characterized by continuous bargaining and rivalry among the provincial governments over taxation, development, and constitutional issues. In 1963, King Idris replaced the federal system of government with a unitary monarchy that centralized royal authority, in part to streamline the development of the country’s newly discovered oil resources.
Prior to the discovery of marketable oil in 1959, the Libyan government was largely dependent on economic aid and technical assistance it received from international institutions and through military basing agreements with the United States and United Kingdom. The U.S.-operated air base at Wheelus field outside of Tripoli served as an important Strategic Air Command base and center for military intelligence operations throughout the 1950s and 1960s. Oil wealth brought rapid economic growth and greater financial independence to Libya in the 1960s, but the weakness of national institutions and Libyan elites’ growing identification with the pan-Arab socialist ideology of Egyptian leader Gamal Abdel Nasser contributed to the gradual marginalization of the monarchy under King Idris. Popular criticism of U.S. and British basing agreements grew, becoming amplified in wake of Israel’s defeat of Arab forces in the 1967 Six Day War. King Idris left the country in mid-1969 for medical reasons, setting the stage for a military coup in September, led by a young, devoted Nasserite army captain named Muammar Al Qadhafi.