Italy in the Middle East and the Mediterranean: The evolving relations with Egypt and Libya

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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 businessmen, including representatives from Confindustria, the Italian employers' federation, and SACE, the 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 constructions. During the morning press conference, Egypt's President Abdel Fatah al-Sisi congratulated the Italian Minister for following up in the spirit of the successful 2014 Italian-Egyptian Business Council and Italy's participation in the 2015 Sharm-el-Sheik Business Conference. Al-Sisi then personally pleaded the Minister 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 an Italian graduate student in Cairo, only a week earlier. In the evening of the same day, however, at the dinner hosted by the Italian embassy for the Egyptian and Italian business community, the news broke that the tortured body of 28-year-old Giulio Regeni had been found in a ditch alongside the Cairo-Alexandria highway, in the periphery of the Egyptian capital. The 250 guests were informed by the Italian Ambassador that dinner had been called off – indeed, the Italian delegation's visit was to be considered suspended.

The events of the next months further marked Italy's ambivalent foreign policy approach towards Egypt. On the one hand, on 8 April Rome recalled its ambassador to Cairo in response to the series of clumsy and implausible theories that the Egyptian government initially put forward over Regeni's death. On 29 June the Italian Parliament further denounced the lack of progress in the judicial inquiry, with the decision to stop the sale of some military equipment to Cairo (Il Corriere 2016a). 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 (Ansa 2016b) – 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 death, 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 (Eni 2016a). Further, in June the Italian Ministry for Economic Development gave the go-ahead to the selling of surveillance software to the National Defence Council, Egypt's main counterterrorism body. Finally, in October the Egyptian minister of Tourism Mohamed Yehia Rashed came to Italy on an official visit to promote the Egyptian economy, in a trip interpreted by some analysts as meant to re-establish 'business as usual' with Italy (Shoruk News 2016; Vice News 2016).

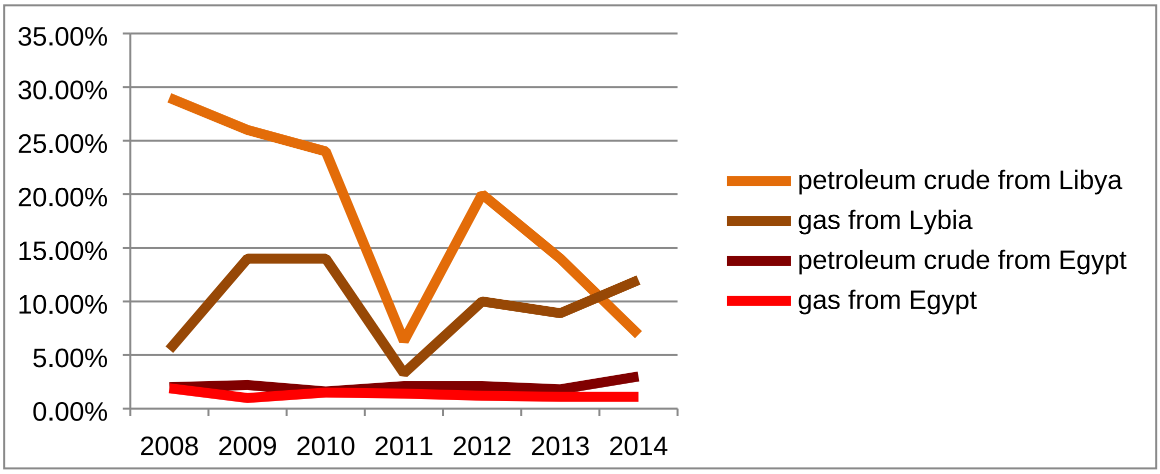
The year 2016 closed with insistent rumours according to which the new ambassador Giampaolo Cantini may indeed be ready to be sent back to Cairo by the newly formed government of Paolo Gentiloni – a development that only confirmed the gradual reestablishment of normal relations with Egypt. In a similar 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, finally re-opening 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 rivalling groups and militias that control not only territory but the country's oil – a strategic asset for Italy. More than just a political investment on the part of Italy, the decision to re-open the embassy thus seems an insurance policy against the possibility of losing influence in a country where Italy has, just as in case of Egypt, simply too much at stake.

The Mediterranean and the Middle East have historically constituted an important 'circle' in the foreign policy of Italy (Santoro 1991; Brighi 2013). 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 have become evident in Italy's foreign policy towards the region, and these two countries in particular. The first axe of tension 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 which the EU purports to promote in its neighbourhood, and which Italy subscribes to. The second axe of tension results from a predicament more specific to Italy itself and to the peculiar role of corporate interests, in particular those of oil and energy companies, in the country's definition of 'national interests'. Italy's foreign policy towards 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 prior to 2016, and highlight how these two axes of tension have intersected over the last twelve months.

Italy, Egypt and Libya: a short background

With very limited quantities of coal, oil, and gas, and with no production of nuclear power, Italy has historically been a net importer of energy. In 2015 energy imports were 92.03% of energy consumption (MSE 2015). Oil and gas represented together 76.71% of Italian energy consumption in 2015 and the largest volume of all Italian imports: 15.4% 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 a first glance, it might seem that both countries are neglectable for Italy's energy imports: in 2014, Italy imported only 6.9% of its oil from Libya, 3% from Egypt. Gas quantities are respectively 12% and 1.1%. However, for both countries Italy actually represents the most important exporting nation, with oil and gas as the most important products. In 2014, Egypt exported to Italy a total of $3.28 billion (9% of the total exports), of which $1.72B in hydrocarbons, more than 50% of the total exports to Italy (MIT 2016). Libya has exported to Italy $5.58 billion (30% of total exports), of which $5.47B in hydrocarbons, more than 98% of the total exports to the country (MIT 2016). However, before the Arab spring Italy imported almost a third of its oil needs from Libya (see Table 1).

TABLE 1 – Italian hydrocarbon imports from Libya and Egypt, 2008-2014 (percentages). Data: MIT 2016



Libya and Egypt are also the two main basins of production of Eni, the most important Italian oil and gas company, which produces here 20% and 10% of its hydrocarbons respectively (Eni 2016b). North Africa has historically been a preferred origin area for Italy's energy supplies due to the stronger 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 Italy to largely increase its energy dependency from Russia and from the Middle East, while Eni had to close important fields in which it had invested. Russia's decision to cancel the South Stream project in 2014, on the other hand, seems to have projected Italy's energy partnerships away from Russia and back to Northern 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.

Oil companies have always been at the centre of speculations 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, interviewed on the most followed 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.[i] A year later, during a debate on a possible Italian intervention in the Libyan civil war, air force General Mario Arpino criticised the actions of France and stated that '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'.[ii]

As a matter of fact, Eni has traditionally implemented an autonomous and parallel diplomacy to that of the Italian State, especially in North Africa, since the early 1950s. 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, offered 75% of the revenues and allowed into the management of the international oil market. The so-called '*Formula Mattei'* was charged with political meaning in the years of decolonisation. It anticipated the nationalisation of the oil industry at the beginning of the 1970s, hailed as a 'second independence' in countries like Libya and Egypt. Since then, Eni's history of 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 privatisation of the company, which started in the 1990s, Eni's structure became more and more similar to other energy multinationals, shaped by the requirements of international governance and shareholders. Yet, as a company operating in the strategic sector of energy, the Italian State still owns 30% of its golden shares and can exert special powers (so called 'golden powers') in setting its priorities. Plus, the Minister of Foreign Affairs ordinarily seconds several members of its diplomatic personnel to the company, and vice versa: executives from the company work in the Minister for Foreign Affairs, contributing to key skills and contacts. With the privatisation and financialisation of the company, Eni claims independence from political events, yet 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 first, the 2001 Twin Towers attacks later and, most recently, the vast process of 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 involvements in Lebanon, under the aegis of the UN, and in Libya, in the 2013 NATO-led intervention (Davidson 2011; Croci and Valigi 2013). The recent announcement by former Italian Foreign Minister Paolo Gentiloni concerning Italy's 'pivot to the Mediterranean' (Gentiloni 2015) 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 (IS). Finally, since the 2010s and especially over the last twelve months, Italy has been on the frontline 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, on the one hand, called for a greater involvement of the EU and, on the other, pragmatically aimed at stabilising such flows bilaterally with the countries involved, *in primis* 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 Abdel Fattah 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 to 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

Matteo Renzi demonstrated a much broader and less qualified level of support to the al-Sisi government, so much that over the last two years Italy and Egypt have witnessed an extraordinary political and strategic *rapprochement*. This was initiated already in July 2014, when Renzi officially visited Egypt during the Italian presidency of the EU – the first European Prime Minister to do so since al-Sisi's election. Italy's rapprochement with Egypt was then further confirmed in 2015, when Renzi gave a long interview to al Jazeera in which he praised al-Sisi as 'a great leader', indeed the saviour of Egypt (al Jazeera 2015). The commercial effects of this *rapprochement* leave no doubt: Italy is now Egypt's second commercial and political partner in Europe (Michou and Torelli 2015: 98), and the fourth largest worldwide after the US, China, and Germany (Reuters 2016a).

Since the institution of a EU-wide suspension on arms transfers to Egypt in response to the 2003 Rabaa massacre and then the 2011 revised European Neighbourhood Policy, the respect of human rights, the rule of law, democracy and civil society had been outlined as key conditions for EU-Egypt cooperation (Pace 2009). In spite of official EU policy, however, since al-Sisi's coming to power a number of European states have clearly privileged dealing with Egypt on the basis of 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 of 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, in 2016 Italy towed the line set in Washington and endorsed in Berlin and Paris, investing Egypt with great strategic value. Egypt has thus been considered as 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. Al-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 Sheik in 2015, 'Your war is our war; your stability is our stability' (Guardian 2016). This has not only translated in political support for the Egyptian regime, but also in strengthened strategic and military collaboration. From the strategic point of view, Italy has endorsed Egypt's fight against the so-called Islamic State by signing a new defence cooperation agreement in January 2015 and by increasing its sales of military supplies to the country in 2016 – including small arms and counterterrorism software (Il Fatto Quotidiano 2016a).

While Italy furthered these strategic priorities, in line with other European partners, a few developments over the last year have clearly demonstrated the limits of an approach that pursues stability at all costs (Taleb and Blyth 2011). Firstly, Italy's unquestioned strategic and military support to Egypt's anti-Islamist campaign has made the respect of 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 (Reynart 2011). Al-Sisi's antiterrorism campaign has notoriously refused to distinguish between followers of the Islamic State and Egypt's own internal political opposition. All have been lumped as terrorists and engaged with as such – thus, for instance, the Muslim Brotherhood was declared a terrorist organisation in 2013 and banned from all political competitions. Italy's strengthened collaboration in counter-terrorism, which spans the military and police continuum, and 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 al-Sisi regime. Widespread restrictions of basic political and civil rights have combined with the tragic increase of extrajudicial killings, torture, enforced disappearances and political arrests to precipitate ‘the gravest human rights crisis in Egypt in decades’ (Michou and Torelli 2015: 108), probably including those of the Mubarak rule. The kidnapping, torturing and killing of Giulio Regeni must be placed in this context. The Italian student, who was pursuing a PhD from the University of Cambridge with a research on the political role of Egyptian trade unions, was abducted on 25 January 2015, the day of the fifth anniversary of the ‘Tahrir protests’, and 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’.

Secondly, although the Renzi government had initially praised Egypt for its involvement in the fight against Islamist forces in Libya – considering Egypt an indispensable partner, including in a possible military intervention – over the last few months it has become increasingly clear that Egypt is using Libya and the army of the 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 favoured 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 an unquestioned support to al-Sisi turns out to be therefore not only doubly illusory (on a domestic and on an international front), but directly counter-productive. In so far as it emboldens Egypt to pursue an authoritarian strategy at home and a revisionist strategy abroad, rather than ensure ‘stability’ on both fronts as understood in Europe or Washington, Italy’s support for al-Sisi not only reveals a tension between normative commitments and strategic interests at the heart of Rome’s foreign policy, but risks strengthening an agenda in the short term which is hardly reconcilable with Italy’s long-term interests.

Between energy and migration: asymmetries of power

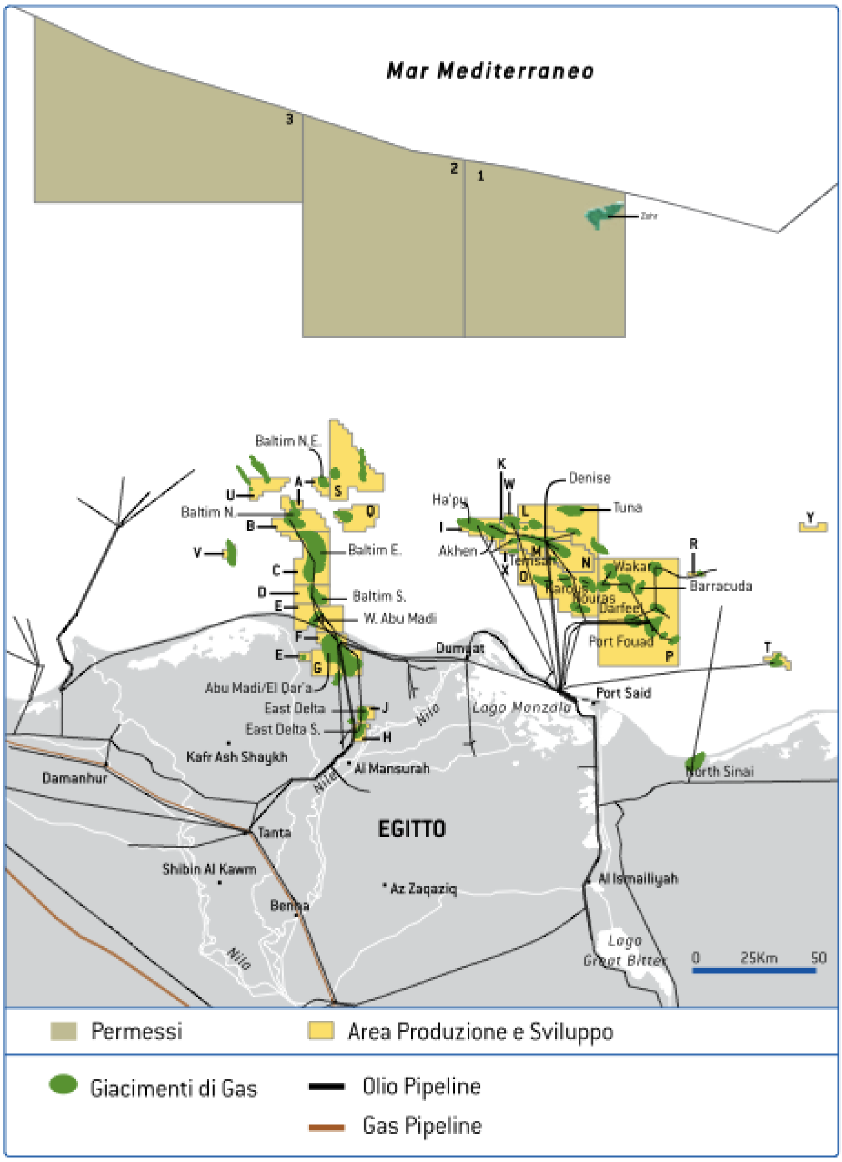
Egypt has also acquired renewed importance for Italy in two key dossiers of 2016: energy and migration. As far as migration is concerned, over the last twelve moths Italy and Egypt have collaborated in bilateral and multilateral forms. Bilaterally, since the October 2015 meeting between the Egyptian Immigration Minister and the Italian ambassador in Egypt, Rome has especially sustained Cairo’s attempts to curb illegal migration towards Italy (Cetin 2015). Multilaterally, Egypt enthusiastically joined and continues to be part of the ‘Karthoum process’ launched under Italy’s EU Presidency in 2014 and aimed at involving those countries in the Mediterranean and Africa where migrants originate and transit. Egypt is one such countries – refugees flee Syria and transit through Egypt on their way to Libya, and from then to the Italian shores. Although cooperation in this area has been celebrated as significant by Italy – and indeed by the whole of the EU, who is now officially looking for a deal on migration with Egypt along the lines of the controversial one signed with Turkey (Euractiv 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: 115-6).

For what concerns energy, as previously mentioned, Egypt is, with Libya, the most important area of hydrocarbon production for Eni (Eni 2016b). In March 2015, Eni and the Egyptian government signed an agreement for a $5-million investment for the development of the Egyptian mineral resources and the reduction of Egypt's energy shortages. The discovery of two gigantic offshore gas fields off the coast of Egypt by Eni in the last twelve months is to be read as further proof of Italy's strengthening ties with Egypt. In August 2015 the Zohr gas field was discovered – the largest ever natural gas find in the Mediterranean, and one of the largest worldwide (Guardian 2015), with a potential 850 billion cubic metres of gas (Eni 2016b). The offshore gas field is expected to start production in 2017, and reach full production capacity in 2019 (Financial Times 2016; Offshoretechnology.com 2016). This was followed by the announcement of another discovery in June 2016, of the smaller yet significant Baltim South West gas field (Ansa 2016a), and by the commitment to create a gas 'hub' in the Western Mediterranean (see Table 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 unfavourable pricing and investment policies for companies, scaring off a number of them, including BP Egypt (Reuters 2016). Differently from other investors, however, this did not dissuade Eni, which remained committed to proceed with the investments despite high costs and low profits in the medium term. Eni's investments in the Zohr field at Egypt's conditions is 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 which had been recently hit by a severe crisis. According to an anonymous source external to the company, gas prices were fixed by the Egyptian authorities at a price that did not even cover the costs of gas being extracted. The fact that Eni agreed to such unfavourable conditions may give the clearest indication of Italy's support for the failing regime of Al-Sisi, as well as of the degree of political and economic investment in Egypt's stability, as some analysts have acutely noted (Declich 2016: 100).

Be that as it may, 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 does will not have a positive impact on the country's energy balance or prices. Secondly, 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 towards Egypt in 2016 has been driven by corporate interests rather than national interests. Further, it is also worth asking to what extent these interests truly overlap, both in the short and long term, or indeed diverge.

TABLE 2 – Eni's permits in Egypt (Eni 2015)



The gate to Europe: Libya

As a former Italian colony first, and as an alleged sponsor of international terrorism later, Libya's relations with Italy remained strained for much of the Cold War. Yet, in line with a wider European *rapprochement* at the turn of the millennium, the 2008 Treaty of Friendship, Partnership and Cooperation (*Trattato di Amicizia e Cooperazione*) signed by the then Prime Minister Silvio Berlusconi and colonel Muammar Gaddafi in Benghazi opened a new season of economic partnership and collaboration. This was pursued bipartisanly by successive governments in Italy, irrespective of their different political leanings. One the one hand, the 2008 treaty aimed at symbolically closing old colonial disputes via a substantive compensation of $ 5 billion to Libya. On the other, however, in exchange for this compensation, 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 the possibility for Italy to send back to Libya any intercepted boat. Although the Gaddafi regime was known for the brutal treatment of South-Saharan migrants trying to reach Europe from the Libyan shores, European and especially Italian leaders were thus keen to take advantage of its ability to stop traffickers from organising the infamous boat trips across the Mediterranean.

When the NATO-led coalition intervened in Libya against Gaddafi's army in 2011, therefore, Italy joined the coalition only reluctantly. Unsurprisingly for a country that had just managed to devise a profitable *modus vivendi* with its offshore neighbour, 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 recognised 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 prospects 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 the uncertain political situation: the number of migrants reaching the Italian shores totalled 173,000, plus 5,000 presumed deaths; a 17% increase compared to 2015 (UNHCR 2016a). More than 82% of the boats came from Libya, especially from the triangle between Zuwara, Sabrata, and Zliten (UNHCR 2016b). This presented a strong incentive for Italy to try and re-launch some form of bilateral cooperation, not just in terms of resuming the patrolling accords with the recognised Libyan authorities, but also signing new agreements with the newly instituted Government of National Accord (GNA), while also negotiating with the opposition general Khalifa Haftar (La Repubblica 2016b). 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 (Huffington Post 2016). 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% of the 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, on the other hand, represents for Eni the most important upstream area. From 2004 the gas pipeline Greenstream, connecting the South-West field of Wasa to Gela, has been one of the main arteries for Italian gas supplies. In 2007, a 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.

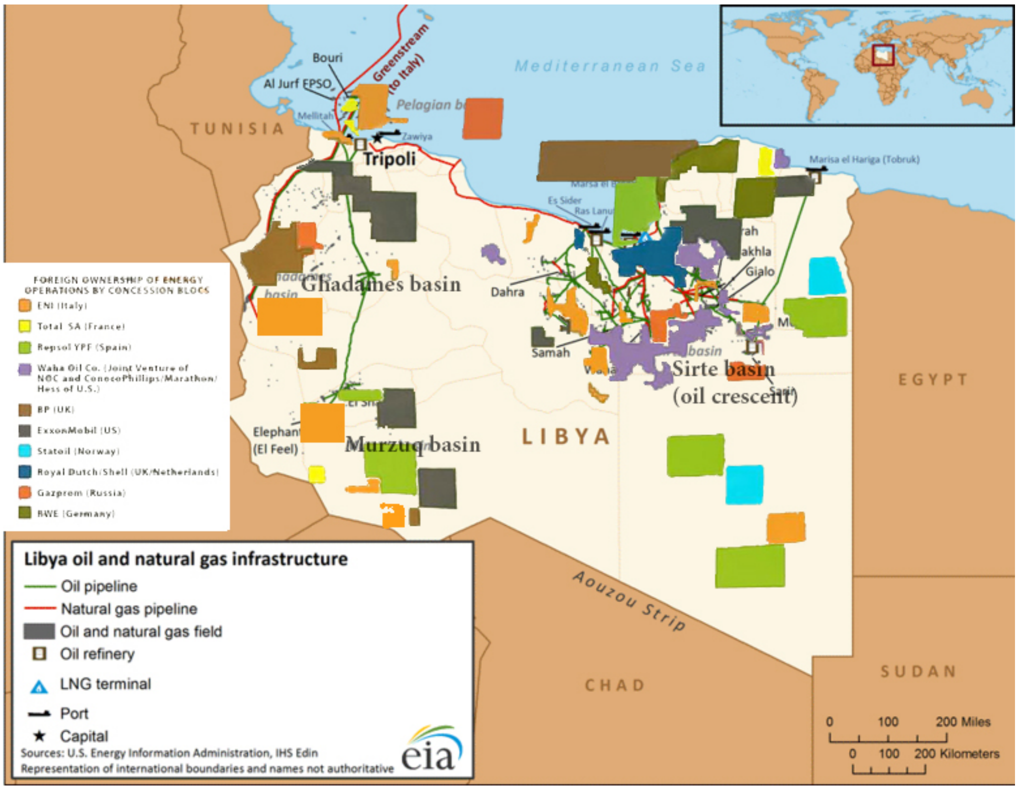
The fall of the Gaddafi regime and the ensuing civil war, however, have complicated the picture not just in terms of migration, as seen above, but also in terms of interests and investments. This has added further complexity to the already fragmented geography of Libyan energy reserves (Table 3). The 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 centre of the struggle for power of the different factions: 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, the NOC and of 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 the Tripoli-based NOC President Mustafa Sanalla (Africa Confidential 2014). A new Central Bank was also opened in Tobruk, and started demanding international companies to pay royalties to it, rather than to the original NOC. Most companies at that point decided to put the contracts on hold and leave the country.

Eni, however, was keen to preserve its strategic advantage in the country and insisted to continue the operations with the original NOC, claiming the principle of non-interference between international business contracts and political events. While in the South of the country and in the oil crescent all activities were suspended throughout 2015 and 2016, and the fields were under the constant attack on part of different militias, in the North-West coast near Mellitah and in the offshore areas production not only continued but, in compliance to pre-war agreements, Eni also carried out new research investments. Though the company denies any secret contact with the belligerents, according to the Wall Street Journal the company is able to operate also thanks to accords with different militias (Il Post 2015). One case in point is the military corps founded in 2012 by the central government to protect the oil infrastructures, the so-called the Petroleum Facilities Guards (PFG) of Ibrahim Jadhran. Dissatisfied with the central government, Jadhran gradually turned the PFG into an independent militia and since 2013 he 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 re-unification of the NOC in July under the presidency of Sanalla (NOC 2016), Jadhar has been supporting the government recognised by the United Nations. However, the NOC has repeatedly denounced the blockage to the oil fields operated by his militia, accusing the PFG of incalculable economic damage to the country (Libya Business Info 2017).

In September 2016, the troops of General Haftar, who are supported by Egypt and increasingly Russia and who oppose the GNA, seized control of the oil crescent against the PFG (Reuters 2016c). 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 (Reuters 2016d). The agreement not only strengthened the legitimacy of the government's oppositions, 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 2016. Interestingly, most of 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, the former CEO of Eni Paolo Scaroni suggested it may be better to think about dividing up the country, rather than trying unsuccessfully to keep it together, and create 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 Mr. Scaroni, facilitate the territorial division and cooperation amongst different 'protectorates' and powers (Il Corriere 2016b).

TABLE 3 – Oil concessions in Libya, 2012 (Wikimedia Commons 2014, re-elaboration by author)



Conclusions

In devising a foreign policy towards the Mediterranean and the Middle East in 2016, 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, two countries interlinked and interdependent in some key issue areas – from of migration to energy, from terrorism to the evolving regional balance of power. In this complex conjuncture Italy's foreign policy has overall struggled to maintain a sense of 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 the principle of national unity in Libya) which the EU and the US purport to promote in the area; the second has resulted from the uneasy confluence of private and state diplomacy, driven by partly overlapping and partly divergent interests.

In line with the post-ideological and neo-liberal approach adopted by the government in its foreign policy (Brighi and Giugni 2016), the Renzi government has ended up elevating pragmatism to a rule, skilfully privileging a flexible approach needed to reconcile contradictory policies, turning volatility into an asset. This has included accepting, when not directly fostering, that oil companies such as Eni function as a 'vanguard' and exploratory diplomacy against the backdrop of official policy – 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 the other European partners while Eni was carrying out an independent, opposite policy (Musso 2015). Although ultimately held together by the desire to secure Italy's continued influence in the region, however, such parallel efforts inevitably risk backfiring and precipitating moments of crisis. The Regeni affair clearly constituted one such moment during 2016. The uncertain situation in Libya may well provide a few more in the year to come.

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