

ULISA Commentary

by
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Turkey-Libya Relations: Potential Economic and Strategic Impact of Turkey's Role in Libya²

“Like the other post Arab spring nations, Libya has vulnerabilities and lacks institutions to protect itself on its own politically and militarily against the open and complex exploitative ambitions of western powers and Russia. Given these vulnerabilities, Turkey's guidance and protection are undoubtedly vital.”



Source: Anatolian Agency (AA).

History of Strong Ties between Libya and Turkey

Going back to the year 1552 when Libya was a part of the Ottoman Empire, the Turkish-Libyan relations had been historically deep. Until 1911, Libya was an important part of the Ottoman Empire's strategy to impose sovereignty on the coasts of the Mediterranean and Africa. Later, good relations between Turkey and Libya continued during Muammar Gaddafi's rule from 1969 to 2011. After the Gaddafi rule, Libya went into turmoil and suffered politically, socially, and economically. Turkey's support for Libya and Libya's good relations with Turkey continued during tough times.

The toppling of the former leader Muammar Al-Gaddafi and his government in 2011 resulted in a power vacuum that led to widespread violence, economic instability, and civil conflicts in Libya. The 2014 coup d'état attempt by General Khalifa Haftar and his recent attack on the capital to take it from the internationally-recognized government, Government of National Accord (GNA),

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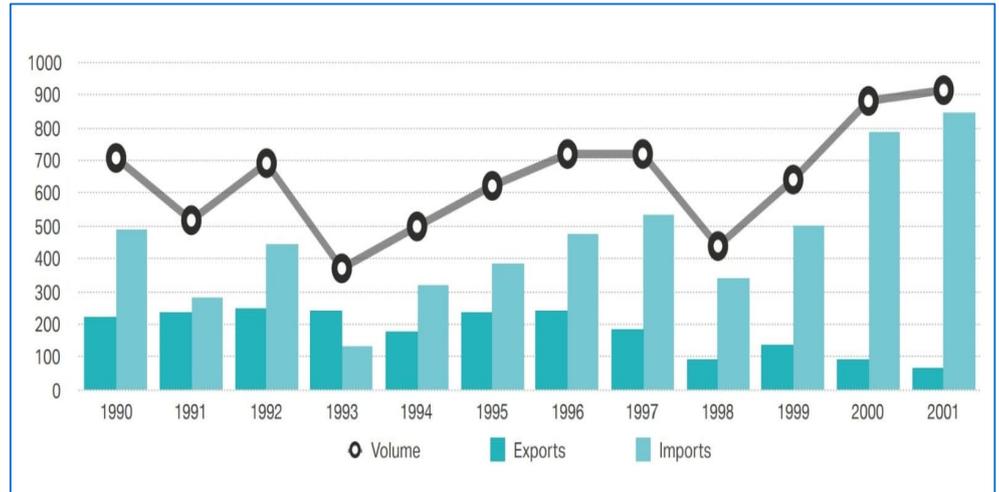
made the situation worse by involving foreign parties, each seeking to pursue its own interests.

Turkey, as one of the major actors in Libya, has followed a value-based approach. While the Libyan government needed the Turkish support, Ankara was motivated by larger goals. The relations came to a critical turning point with agreements enacted recently. In November 2019, Turkey and Libya signed a security and Maritime Border Agreement, which opened doors to open military support and more involvement of Turkey in the Libyan crisis. These developments in the Turkish-Libyan relations have raised a lot of concerns to many Arab and western countries. In this context, this analysis piece deals with both qualitative and quantitative aspects of recent developments in Libya-Turkey relations. The piece aims to investigate potential economic effects of Turkish-Libyan agreements.

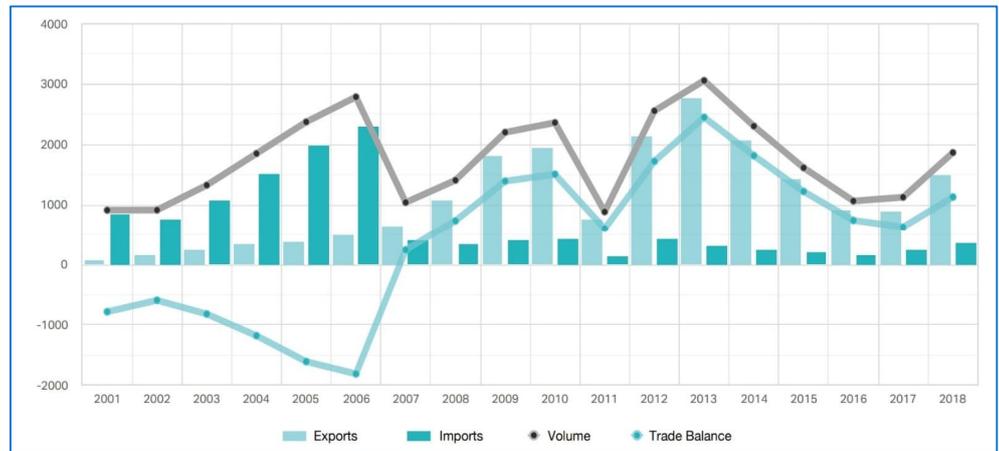
Foreign Trade between Libya and Turkey

The economic relations, foreign trade, particularly, between the two countries since Gaddafi's rule have followed a somewhat cyclical path as shown in Graphs 1 and 2. UN sanctions of 1992 and 1999 on Libya played a part in the fluctuations of trade. Trade balance has usually been in Libya's favor due to the export of petroleum products. In 2007 this pattern started to change in favor of Turkey as shown in Graph 2. The key reason for this move was that, in 2007, the Turkish government has implemented a plan to diversify its energy imports, such as increasing the share of oil imports from Russia. As a result, oil imports from Libya decreased. Trade volume between the two countries continuously fell between 2013 and 2017 and started to rise after then.

In April 2019, Haftar launched a military campaign to control Tripoli. Ankara chose to support the GNA against Haftar's forces, which were supported by third-party countries such as the United Arab Emirates (UAE), Saudi Arabia, Egypt, Russia, and France, whose interests conflict with that of Libya and Turkey. Although Haftar was illegally attacking the United Nations (UN)-recognized government, these countries did not refrain from violating the international law openly and providing military support despite the UN embargo. Turkey, however, provided Libya's UN-recognized government, the GNA, with armored vehicles, anti-armor missiles, drones, used its warships off the Libyan coast as launch pads against Haftar's forces in order to protect legitimate government.



Graph 1. Turkish-Libyan Trade Statistic 1990-2001 (Source: TUIK and Koloulu 2007).



Graph 2. Turkish-Libyan Trade Statistic 2001-2018 (Source: TUIK and Koloulu 2007).

The Maritime Jurisdiction Dispute in the Eastern Mediterranean

Amid disputes, Turkey and Libya had a card, maritime border agreement, long kept for the right timing. Until the Maritime Border Agreement between Turkey and Libya, Ankara had pursued maritime boundary delimitation agreements with Egypt and Libya to challenge the assignment of broad maritime jurisdiction areas by Athens to Greek islands and Cyprus. Athens aimed to leave Turkey with a small strip of water in the Mediterranean. Turkey's plans to sign agreements with Libya and Egypt were disrupted by the Arab uprisings in 2011. The stakes rose in 2019 with the discovery of vast reserves of natural gas off the shores of Cyprus. In January 2020, major discovery led Israel, Greece, and Cyprus to sign the EastMed Pipeline Project agreement, bypassing Turkey, to transport natural gas from the eastern Mediterranean to Europe through Greece. Libya was left as the only coastal country, with which Turkey enjoyed good relations, kept outside Mediterranean agreements.

“Deep inside, everyone feels that [the choice of either being influenced or exploited by western powers and Russia] is dangerous waters to cruise [for Libya] given the bloody track record of the west and Russia when it comes to oil or natural-resource-rich but vulnerable nations.”

If Ankara were to advance its maritime claims, it would be a crucial ally. Tripoli, for its part, needed Turkish military support. As an expected and calculated move Tripoli and Ankara signed the agreement. The Maritime Border Agreement signed in November 2019 defines a maritime boundary of 18.6 nautical miles (35 km) between Turkey and Libya³. Following this deal, both Turkey and Libya claim the cone-shaped Economic Exclusive Zones (EEZs) which overlap with the waters that Athens considers to be part of the continental shelf of Greece. There were mainly four reasons that prompted Turkey to seek to sign the two treaties, especially the maritime boundary treaty. These were large energy discoveries in the eastern Mediterranean and the creation of the Eastern Mediterranean Gas Forum, the military operation backed by the regional forces headed by General Haftar against the GNA, Haftar's attempts to coordinate the Benghazi reconstruction plan with Greece, and the US's unhappy position with Russian support to Haftar.

It is clear that the economic and political instabilities that the post-Arab spring nations faced, including Libya, left these countries with the choice of either being influenced or exploited by western powers and Russia or work with Turkey. Deep inside, everyone feels that the first is dangerous waters to cruise given the bloody track record of the west and Russia when it comes to oil or natural-resource-rich but vulnerable nations. Therefore, Turkey's involvement in the Libyan crisis is not merely an economic one. Like the other post Arab spring nations, Libya has vulnerabilities and lacks institutions to protect itself on its own politically and militarily against the open and complex exploitative ambitions of western powers and Russia. Given these vulnerabilities, Turkey's guidance and role are undoubtedly vital. When it comes to 'business', however, it is unlikely that Turkey will collect benefits soon. Nevertheless, the agreements between Libya and Turkey will help Ankara to thwart plans and projects that ignore and undermine Turkey's presence and role in the Mediterranean. This can be considered a strategic victory in the eyes of Turkish officials and public opinion.

³ Branislav Stanicek. “Turkey: Remodelling the eastern Mediterranean, Conflicting exploration of natural gas”, *European Parliamentary Research Service*, September 2020.

Potential Economic and Strategic Outcomes

Libya has the largest oil reserves, an estimated 48 billion barrels (9th in the world, 2.93 % of the global reserves)⁴, in Africa. Libya also has gas reserves estimated at 53 trillion cubic feet (21st place in the world in gas reserves)⁵. Turkey's suspended projects in Libya are worth about \$18.5 billion⁶. Complementary to Turkey's protective and guiding role, the economic opportunities are out there for major projects later in the process of the reconstruction of Libya and for Libyan investors to invest in Turkey. Given the strong economic ties, the Turkish contracts with the Gaddafi regime caused significant concern in Ankara after the uprisings began in early 2011. At that time, Libya contracts represented 12% of Turkey's total international construction business. 25,000 Turkish laborers working in Libya had to be evacuated by Ankara as the clashes began.⁷ In January 2020, shortly after their bilateral maritime and military cooperation agreements, Turkey reached a preliminary \$2.7 billion compensation deal with Tripoli for old contracts.⁸ Several months later, in May, Turkey's state-run energy company applied to begin exploratory drilling in the EEZ claimed by Tripoli under the maritime boundary agreement.⁹ With its EEZ, Turkey has expanded its area from 145,000 km² to 189,000 km². According to Ankara's assessment, the maritime agreement offers several advantages to Turkey: First, it provides a political and legal basis for the future activities in the eastern Mediterranean, in particular, the work of its exploration and drilling vessels (according to the U.S. Geological Survey, the eastern Mediterranean contains natural gas worth of approximately \$700 billion)¹⁰. Secondly, it prevents Greece from demarcating its maritime boundaries with Egypt and Greek Cyprus. Thirdly, it thwarts attempts to isolate Turkey and the Turkish Cypriots and to decrease the influence of Turkey on Eastern Mediterranean geopolitics, where it is a natural major player. Finally, it reminds countries that exploring and receiving energy resources that passing through Turkey is the most

⁴ *Annual Statistical Bulletin 2020*, OPEC, <https://asb.opec.org/> (accessed 26 February 2021)

⁵ "Libya Natural Gas", *Worldometers*, <https://www.worldometers.info/gas/libya-natural-gas> (accessed 24 February 2021).

⁶ Uğur Ergan, "Turkish companies to return to Libya", *Hurriyet*. 1 June 2016.

⁷ Tankut Öztaş and Ferhat Polat, "Turkey-Libya Relations: Economic and Strategic Imperatives", *TRT World Research Centre*, December 2019, p. 14-15.

⁸ Tarek Megerisi, "Libya's global civil war", *European Council on Foreign Relations*, 26 June 2019; Ceyda Caglayan, "Turkey aims to sign deal with Libya over Gaddafi-era compensation", *Reuters*, 10 January 2020.

⁹ "Turkey to go ahead with drilling as planned in Libya deal," *Ekathimerini (Greece)*, 14 May 2020, <https://www.ekathimerini.com/news/252685/turkey-to-go-ahead-with-drilling-as-planned-in-libya-deal> (accessed 24 February 2021).

¹⁰ Schenk, C.J., Kirschbaum, M.A., Charpentier, R.R., Klett, T.R., Brownfield, M.E., Pitman, J.K., Cook, T.A., and Tennyson, M.E., 2010, "Assessment of undiscovered oil and gas resources of the Levant Basin Province, *Eastern Mediterranean*" *U.S. Geological Survey Fact Sheet 2010-3014*, 2010, p. 4.

reasonable economic and secure choice.

The Risks for Turkey

The future of the Libyan conflict is now starting to bear new and significant risks that could change the picture and push Turkey to take new courses of action. Among the most important risks that Turkey might face in Libya is the possibility of a change from proxy war to direct confrontation with either Egypt or Russia. Turkey is increasing its military presence on the ground to construct an airbase and a navy base. Russia sent its fighter jets to Jufra Base. Cairo has started openly threatening with direct military involvement. These moves can lead to an escalation of the already-sparky situation. So far, the war by proxies in Libya has not been extremely costly for Turkey. However, transformation into a direct and regular war can come at a high cost. Moreover, despite the obvious dangers of ‘going into bed with bears’, future Libyan governments can shortsightedly be lured into external political alternatives and partnerships in the future. Although unlikely, Libya’s possibility of withdrawing from the two agreements still exists in theory. At least external powers will continuously push for Libya’s withdrawal using various techniques. These are significant risks that Turkey needs to consider.

Conclusion

The agreements made between Libya and Turkey will have mutually positive strategic, economic, and political impacts. The two treaties, especially the maritime boundary treaty, are considered a gain for Turkey. The agreements prevented Turkey from being isolated and trapped in the eastern Mediterranean games of power. However, the risks of Turkey's presence in Libya are significant, especially if the situation worsens and countries such as Russia and Egypt move to intervene militarily. This kind of move will obviously be extremely costly for all parties, especially for Russia due to its distance to the region. Although the candidates loyal to Haftar and Egypt did not win, which direction the new government will take is still ambiguous, particularly, for the fate of the agreements. From my point of view, the new government will not be lured into dangerous waters by ill-intentions of oil-thirsty western powers including Russia. Prime Minister Abdul Hamid al-Dabiba’s choice of Anatolian Agency for the first interview after he won the election and his speech on February 25th, 2021 can be taken as clues that he is aware of the dangers of weakening or severing ties with Turkey.¹¹ We will soon witness improvements

“From my point of view, the new government will not be lured into dangerous waters by ill-intentions of oil-thirsty western powers including Russia. Prime Minister Abdul Hamid al-Dabiba’s choice of Anatolian Agency for the first interview after he won the election and his speech on February 25th, 2021 can be taken as clues that he is aware of the dangers of weakening or severing ties with Turkey”.

¹¹ The new prime minister (Abdul Hamid al-Dabiba) stated that Turkey is a strong and important ally of Libya and its future, especially as it was the only country that allowed Libyans to travel to it during the war period and did not hinder them, and we hope that the economic relations between the two countries will be stronger and better.

in Libyan-Turkish relations economically and politically as the new Prime Minister (Abdul Hamid al-Dabiba) and president Muhammad al-Menaffi are economically-oriented. They certainly realize that Turkey is the best option for Libya in the process of reconstruction and security.

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