

Page Denied

Next 1 Page(s) In Document Denied

[Redacted]

25X1

Central Intelligence Agency



Washington, D. C. 20505

LIBYAN SANCTIONS UPDATE #4 [Redacted]

25X1

6 August 1986

This report contains information relevant to the US effort to impose sanctions on Libya. It covers the month of July and includes all West European countries plus Argentina, Brazil, Canada, Japan, and South Korea.

This report was prepared by the West European Division, Office of European Analysis, with contributions from other offices. Questions and comments are welcome and may be addressed to [Redacted] Chief, West European Division, [Redacted]

25X1

[Redacted]

25X1
25X1

EUR M86-20094C

[Redacted]

Copy 18 of 36

25X1

25X1

[Redacted]

[Redacted]

25X1

Summary

While there were no major changes on the sanctions front in July, some positive developments did occur. In particular, Tokyo apparently has increased its resolve to limit economic ties with Libya;

[Redacted]

25X1
25X1

In Europe, London is continuing its vigorous efforts to block the transfer of two Airbus aircraft to Libya and is amending its export regulations to stop the sale of Optica aircraft--which can have quasi-military uses such as reconnaissance. Even Greece seems to be quietly curtailing contacts with Libya

[Redacted]

25X1
25X1
25X1
25X1

The Europeans clearly are unenthusiastic about the proposed US ban on imports of oil products refined from Libyan crude but appear resigned to it and most seem ready to cooperate. There is also continuing sympathy for the goal of making Libya a residual oil supplier and last month both Brussels and The Hague conveyed their disapproval to importers of Libyan oil.

[Redacted]

25X1

Among the countries covered in this report, only India moved to strengthen economic ties with Libya last month. The desire to maintain the flow of worker remittances and other hard currency income from Libya probably was the deciding factor. Malta's strong rhetorical support of Libya meanwhile continues unabated

[Redacted]

25X1

[Redacted]

25X1



25X1

ARGENTINA

Overview

Argentina's relations with Libya remain cordial, but cool. Buenos Aires feels obligated to Libya for its materiel and diplomatic support during the Falklands War, but has made it clear that it does not wish to be seen as sympathetic to Qadhafi.

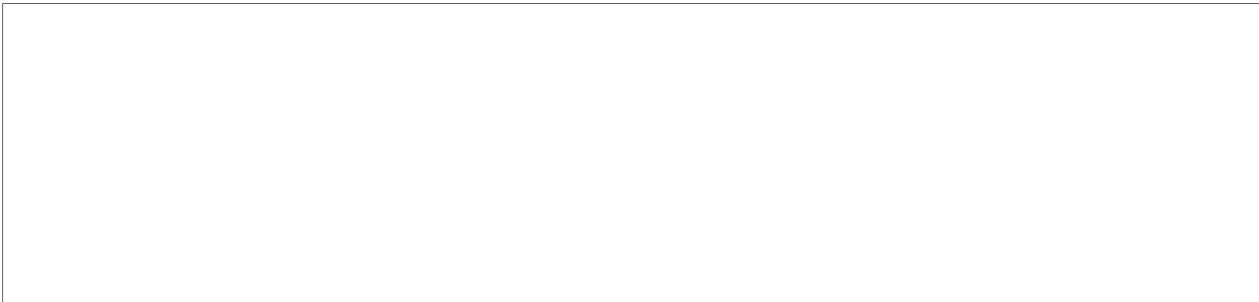
25X1

Actions Supporting US Sanctions

Argentine firms allegedly have continued to hold discussions with Libyan businessmen, but we believe that the government monitors these dealings closely and maintains a strict non-approval policy on actual exports to Tripoli.

25X1

25X1



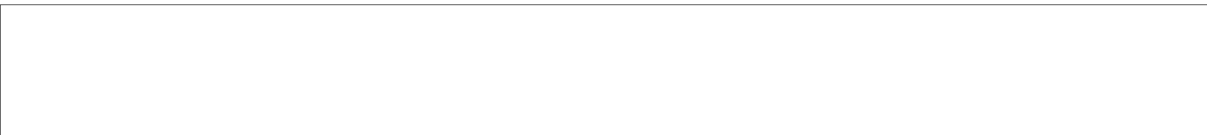
AUSTRIA

Overview

Vienna has responded unofficially to the US demarche on Libyan oil imports by restating Austria's long-standing objections toward non-UN mandated sanctions. The Embassy is encouraged, however, that Austria did not categorically rule out some form of cooperation, and argues that growing Austrian disenchantment with the Qadhafi government is likely to discourage future trade.

25X1

25X1



25X1

[Redacted]

25X1

[Redacted]

25X1

BELGIUM

Overview

Belgium continues to have reduced economic ties with Libya although the government remains opposed to formal sanctions. [Redacted]

25X1

Actions Supporting US Sanctions

In late June a government official--while disclaiming legal authority to ban Libyan oil imports--said that Brussels would inform importers that it takes a dim view of refining Libyan crude in Belgium. This applies particularly to the South Korean firm Daewoo which recently purchased a 65,000 b/d refinery in Antwerp with the apparent intention of processing Libyan and Iranian crude. [Redacted]

25X1

25X1

[Redacted]

[Redacted]

25X1

Page Denied

[Redacted]

25X1

CANADA

Overview

Ottawa has done nothing new concerning Libya in recent months, and the issue of Libyan sanctions has faded into the background. In addition, Prime Minister Mulroney almost certainly remains unwilling to impose further sanctions without being joined by key NATO allies. The government, however, will probably remain cooperative in attempting to persuade Canadian firms not to fill in for departing US companies. [Redacted]

25X1

DENMARK

Overview

Denmark has said its economic ties with Libya are limited and that it will only support sanctions mandated by the EC--even though Copenhagen is willing to apply a total trade embargo against South Africa. [Redacted]

25X1

FINLAND

Overview

Helsinki has not altered its position that it rejects the use of economic sanctions against terrorism, and that it would reconsider only if a wide international consensus developed or if the UN Security Council recommends sanctions. [Redacted]

25X1

FRANCE

Overview

France continues to be quietly supportive of US efforts to clamp down on Qadhafi, while the French media have all but dropped the Libyan issue. [Redacted]

25X1

Actions Supporting US Sanctions

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

Diplomatic reporting indicates that the French are cooperating with US efforts to reduce Libyan oil revenues through a certification arrangement. The Embassy also reports that the US decision to terminate the operations of American oil companies in Libya has boosted our political capital with the French and made them more willing to cooperate on the certification issue.

[Redacted]

25X1

[Redacted]

25X1

GREECE

Overview

Athens remains unwilling to condemn Libya publicly for its involvement in international terrorism, but seems to be quietly curtailing official contacts. Greek firms continue to enjoy access to Libyan oil and markets. [Redacted]

25X1

Actions Supporting US Sanctions

The Greek government has officially confirmed that the size of the Libyan People's Bureau will be reduced by one-third with the departure of 15-20 Libyan diplomats. [Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

ICELAND

Overview

The government has not commented further on its policy not to participate in sanctions. [Redacted]

25X1

INDIA

Overview

India has offered to cooperate with Libya in new areas of industry, trade, and commerce. At the end of the Indo-Libyan Joint Commission meeting in New Delhi in early July, the two countries signed a protocol reiterating their commitment to strengthen relations. We believe India's participation was mainly prompted by New Delhi's interest in maintaining hard currency income from Libya. About 15 Indian companies are working on 62 projects in Libya valued at \$1.3 billion and the 40,000 Indians employed there send home about \$200 million annually. [Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

IRELAND

Overview

Dublin continues to allow Irish firms to pursue lucrative beef export deals with Libya. [Redacted]

25X1

25X1

[Redacted]

ITALY

Overview

The Italian government remains determined to slowly reduce economic ties with Libya, although several companies are beginning to agitate for a return to normal relations to improve their chances of being paid the \$800 million in debt owed to them by Tripoli. Rome has not protested US intentions to ban imports of refined petroleum products made from Libyan crude, but is not likely to favor the move because several Italian refineries import Libyan oil and would no longer be able to export their products to the United States. [Redacted]

25X1

25X1

[Redacted]

[Redacted]

25X1

[Redacted]

25X1

Actions Undermining US Sanctions

The Italian firm Siai Marchetti will resume training Libyan pilots for the SF-260 turboprop trainer aircraft, according to US military reporting. The first of three instructors will return to Libya around 1 August, with the others following within a month. [Redacted]

25X1

If Siai Marchetti's actions draw no protest from Rome, Aeritalia is planning to resume training Libyans in the use of its G-222 transport aircraft. Aeritalia also wants to release Libyan assets that have been held by the company since Italy strengthened its arms embargo last January. The company holds three aircraft and a large number of spare parts, and reportedly fears that Tripoli will refuse to pay the large debt owed the company if it continues to hold these items. [Redacted]

25X1

JAPAN

Overview

Tokyo continues to assure the United States it will tightly control Japanese economic ties with Libya. Although the government still claims it has limited power to prevent firms from dealing with Libya, it appears to have tightened up, advising trading companies interested in large construction projects to cease their activities. Tokyo is also likely to support US efforts to ban imports of oil products refined from Libyan crude. [Redacted]

25X1

25X1

[Large Redacted Block]

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

LUXEMBOURG

Overview

Luxembourg continues to have negligible economic relations with Libya. [Redacted]

25X1

MALTA

Malta has been sharply critical of US actions against Libya from the beginning, accusing the United States of irresponsibly increasing tensions in the Mediterranean. [Redacted]

25X1

Actions Undermining US Sanctions

A private Maltese organization run by ex-Prime Minister Mintoff's brother hosted a symposium on "peace in the Mediterranean" on 5-6 July which, according to US Embassy officials, was probably sponsored by the Libyan government. The final communique condemned US and NATO hostilities against Libya and also the economic boycott. Maltese Foreign Minister Sceberras Trigona spoke at the conference, calling for the removal of all foreign military bases and fleets from the Mediterranean. [Redacted]

25X1

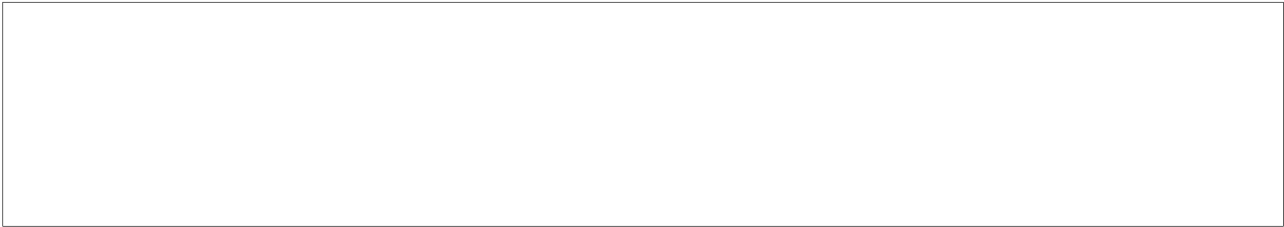
The Maltese Minister of Industry led a trade delegation to Libya on 20 July to try to boost trade between the two countries. Maltese exports to Libya have dropped sharply over the past year because of poor economic conditions in Libya. [Redacted]

25X1

[Redacted]

25X1

25X1



25X1

Valletta continues to act as an intermediary for Tripoli, although with little success. Most recently Malta tried to arrange a meeting between Libyan officials and Italian Foreign Minister Andreotti, but was rebuffed by Rome.

25X1

At the 24-25 July Malta Labor Party General Conference, Foreign Minister Sceberras Trigona reaffirmed the Maltese government's belief that its Treaty of Friendship with Libya does not violate Malta's non-aligned status.

25X1

NETHERLANDS

Overview

The Hague continues to encourage Dutch firms not to undermine US sanctions and Dutch economic relations with Libya are small. The government still believes, however, that it would be impossible to certify that oil products exported from the Netherlands contain no Libyan crude.

25X1

Actions Supporting US Sanctions

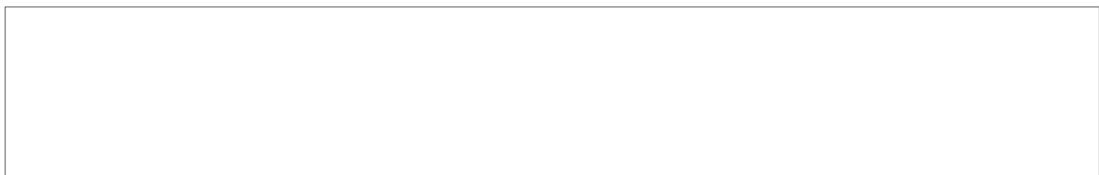
A Ministry of Economic Affairs official informed our Embassy that the government told British Petroleum it does not want Dutch trade figures "dirtied up" with Libyan oil. This occurred in response to a large shipment of oil BP accepted at Rotterdam. The Embassy reported that this was the first admission that the Dutch government talked to oil companies about purchasing Libyan oil.

25X1

25X1




25X1





NORWAY


Overview

There has been no indication of whether Oslo has attempted to persuade Norwegian businesses and technicians not to replace Americans leaving Libya, as it has told US officials it would do. Oslo has a long-standing ban on military sales to Libya that it says it will continue, but still doubts the effectiveness of sanctions. 

25X1

PORTUGAL


Overview

Lisbon probably will not impose economic sanctions unilaterally, but has indicated to US officials that it would participate in a European-wide action. Lisbon acknowledges Tripoli's role in international terrorism, but has stated that Portugal is too small to take independent action. 

25X1

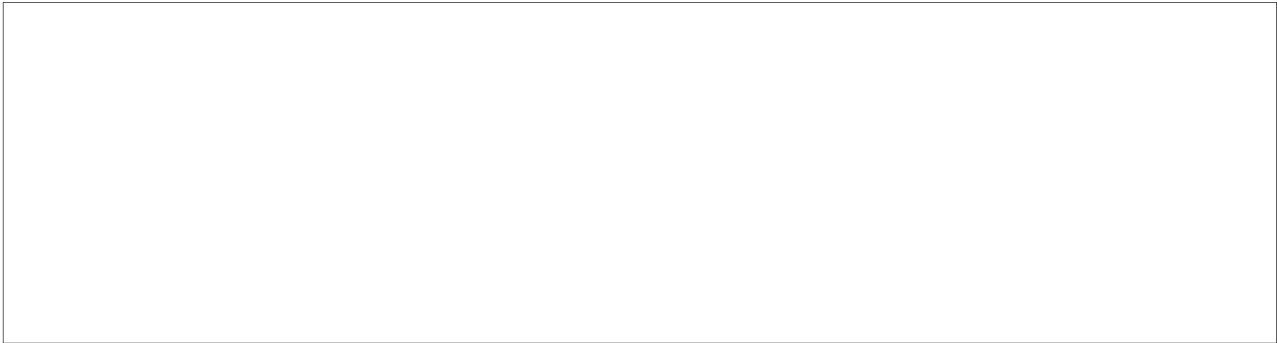
SOUTH KOREA

Overview

South Korea's close economic relations with Libya have made it difficult for Seoul to endorse US sanctions, although future policy toward Libya may give somewhat more consideration to US and Western views. Tripoli's insistence on using oil rather than cash to pay its bills has prompted Seoul to caution South Korean firms against vying for additional Libyan contracts. 

25X1

25X1



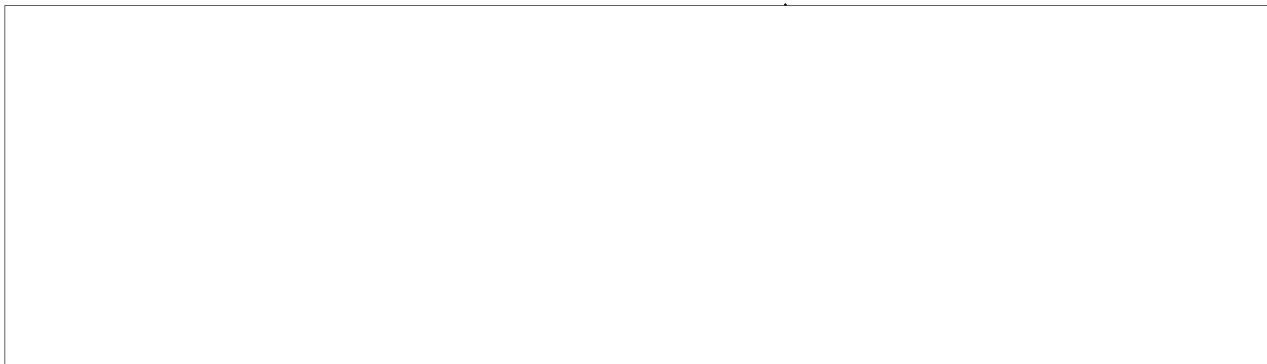
25X1

25X1



Actions Undermining US Sanctions

25X1



An Italian Foreign Minsistry official told US diplomats that a South Korean firm had purchased the assets of a US oil company that had pulled out of Libya. The Embassy could not confirm the report and gave no additional details on the assests involved.

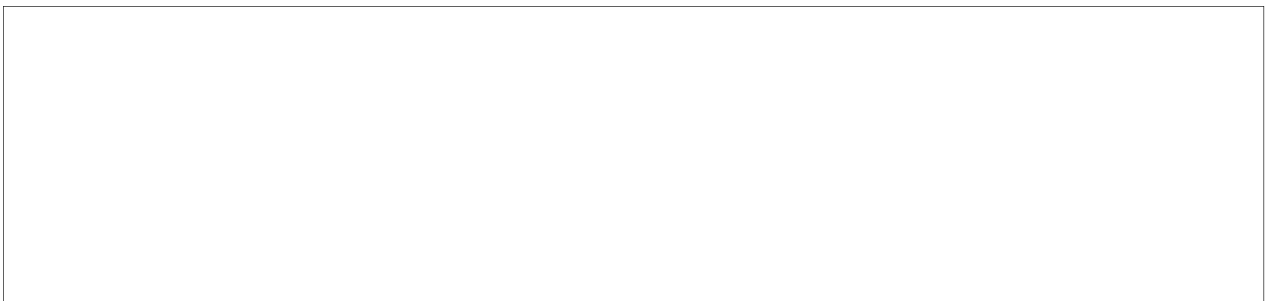
25X1

SPAIN

Overview

Madrid probably will not risk a further deterioration in relations with Tripoli by independently imposing economic sanctions. Spanish firms are active importers of Libyan oil and Madrid's initial reaction to the US proposal to prohibit imports of oil products produced from Libyan crude has been negative.

25X1
25X1



25X1

Actions Undermining US Sanctions

25X1



25X1

[Redacted]

25X1

[Redacted]

25X1

On 23 July, Political Director Cajal of the Foreign Ministry stated that Madrid has no illusions about the Qadhafi regime, but will continue to maintain diplomatic and economic relations. He added that, although Madrid has not yet completed its review of the possible US ban on imports of oil products refined from Libyan crude, initial reactions in the government have been negative. [Redacted]

25X1

SWEDEN

Overview

Stockholm has taken no new position since saying it would continue to prohibit arms exports to the Near East and would not participate in economic sanctions unless they are approved by the UN. [Redacted]

25X1

SWITZERLAND

Overview

Bern continues its opposition to formal economic sanctions. [Redacted]

25X1

Actions Supporting US Sanctions

A Swiss company declined a Libyan request to perform major service on one type of commercial aircraft. Subsequently Bern said it would convey US objections to Swiss companies capable of performing major aircraft servicing, although it will not actively discourage them from doing business with Libya. [Redacted]

25X1


[Redacted]

25X1




TURKEY

Overview


Ankara is trying to maintain its tough anti-terrorist policy and its standing with Washington, while continuing to pursue economic relations with Libya. Tripoli's ongoing failure to pay \$400-500 million in arrears to Turkish companies continues to dominate bilateral relations. 

25X1

Actions Supporting US Sanctions

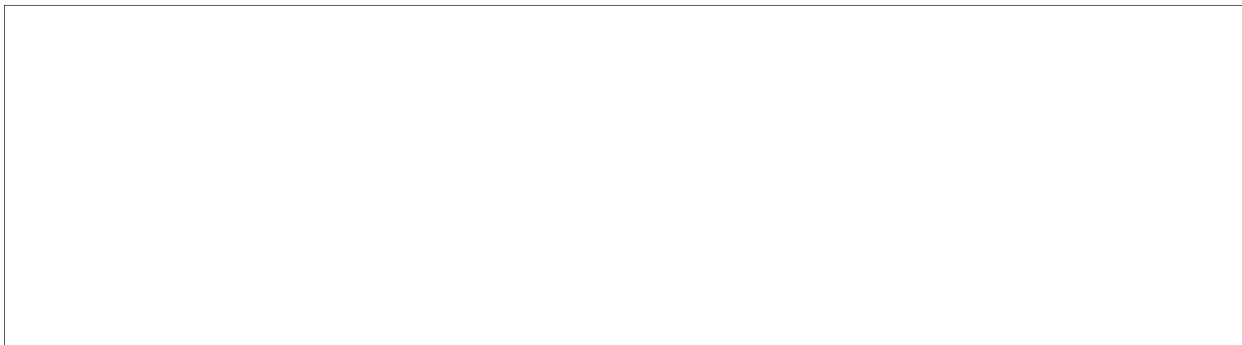
Several Libyan diplomats, including the "Ambassador," reportedly have been withdrawn from Turkey after being implicated in the attempted attack on a US officers' club in April 1986. 

25X1

The Turkish State Prosecutor has appealed the case of two Libyan terrorists convicted of possessing explosives in connection with the attempted attack. He is seeking to revive murder conspiracy charges against the two, in an effort to secure heavier sentences. 


25X1

25X1



UNITED KINGDOM

Overview

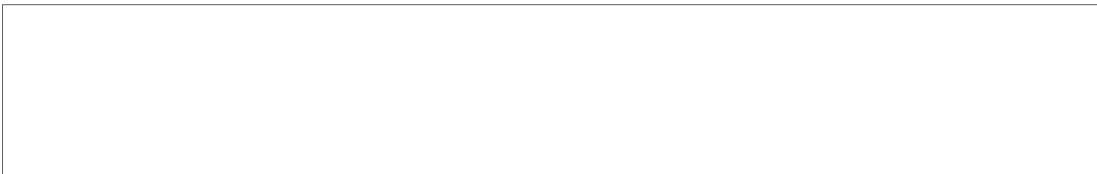
London remains vigorously opposed to economic sanctions against Libya. The British agree with the US objective of reducing Libyan oil exports but believe it would be difficult to implement such a policy. The Foreign Office also sees some problems in accommodating a US request for a government certificate showing that oil product shipments from the UK contain no Libyan crude because there is no structure in place to issue such documentation. 

25X1

25X1




25X1




25X1



Actions Supporting US Sanctions

The British government and British Caledonian Airlines have made numerous efforts, including court action, to stop the sale of two Airbus A310s to Libya. 

25X1

London is amending its export license requirements to include the Optica aircraft and will not issue a license for sales to Libya. The aircraft normally is not subject to export controls but Foreign Office officials told our Embassy they want to avoid undermining US sanctions. In addition, London considers it "undesirable" for Libya to obtain aircraft with the Optica's police and reconnaissance capabilities. 


25X1

25X1



WEST GERMANY

Overview

A West German official informed the US Embassy in early July that Bonn still opposes sanctions in principle, but that current policy amounts to a de facto limitation on Libyan economic ties. 

25X1

Actions Supporting US Sanctions

According to the above mentioned official:



25X1

[Redacted]

25X1

- o Bonn has postponed indefinitely meetings of the West German-Libyan bilateral commission.
- o Limitations on Libyan trade credits are inhibiting export contracts.
- o The Tripoli embassy no longer has an economic counselor.
- o Bilateral trade is declining; during January-May, imports from Libya were down 60 percent from the year-earlier figure while exports to Libya were down 40 percent.

[Redacted]

25X1
25X1

[Redacted]

[Redacted]

25X1

25X1

SUBJECT: Libyan Sanctions Update #4 [redacted]

25X1

Distribution:

Copy 1 - Ambassador Robert Oakley, Counterterrorism, Rm 2236/ST

2 - Ambassador Rozanne Ridgway, EUR, Rm 6226/ST

3 - Kenneth Dillon, INR/WEA, ST

4 - Roger Dankert, NEA/AFN, State

5-6 - Douglas Mulholland, Room 4324, Treasury

7 - Don Halstead, Room 4324 Treasury

8 - D/DCI-DDCI Executive Staff [redacted]

25X1

9 - DDI

10 - ANIO/EUR

11 - NIO/CT

12 - D/EURA

13-14 - EURA/PS

15-18 - IMC/CB

19 - ALA/SAD/BR [redacted]

25X1

20 - OEA/NA/J [redacted]

21 - OEA/NA/K [redacted]

25X1

22 - C/MPS/PES (2G02)

23 - EURA/WE/BBC

24 - EURA/WE/CM

25 - EURA/WE/GN

26 - EURA/WE/IA

27 - C/EURA/WE

28 - DC/EURA/WE

29 - EURA/WE [redacted]

25X1

30 - C/EURA/EI

31 - C/EURA/EI/EI

32 - WE Subject File

33 - NESA/SO [redacted]

25X1

34 - C/NESA/AI/M [redacted]

35 - ALA/SAD/SC [redacted]

25X1

36 - OGI/SRD/SFB [redacted]

DDI/EURA/WE [redacted]

August 86

25X1

[redacted]

25X1