

US-LIBYA CLAIMS AGREEMENT - BACKGROUND

US State Department Press Release:

On August 14, 2008, the United States and Libya signed a comprehensive claims settlement agreement in Tripoli.

The agreement is designed to provide rapid recovery of fair compensation for American nationals with terrorism-related claims against Libya. It will also address Libyan claims arising from previous U.S. military actions. The agreement is being pursued on a purely humanitarian basis and does not constitute an admission of fault by either party. Rather, pursuant to the agreement an international Humanitarian Settlement Fund will be established in Libya to collect the necessary resources for the claims on both sides. No U.S. appropriated funds will be contributed, and any contributions by private parties will be voluntary. Each side will be responsible for distributing the resources it receives to its own nationals and to ensure the dismissal of any related court actions.

The U.S. Congress has supported this initiative by passing the Libyan Claims Resolution Act, which was signed into law by the President on August 4. The law authorizes the Secretary of State to immunize the assets of the Humanitarian Settlement Fund so they will reach the intended recipients. The law also provides that Libya's immunity from terrorism-related court actions will be restored when the Secretary of State certifies that the United States has received sufficient funds to pay the Pan Am 103 and La Belle Discotheque settlements and to provide fair compensation for American deaths and physical injuries in other pending cases against Libya. The resources under the agreement are expected to be sufficient to fulfill further purposes such as additional recoveries for death and physical injury because of special circumstances, claims for emotional distress, and terrorism-related claims by commercial parties.

To ensure a successful outcome to this initiative, the final remaining steps are to establish the Humanitarian Settlement Fund and for it to assemble the necessary resources.

BBC Report:

US-Libya compensation deal sealed

The US and Libya are set to renew diplomatic relations after signing a deal to compensate all victims of bombings involving the two countries.

The agreement will fully compensate victims of the 1988 Lockerbie bombing, and of the bombing of a Berlin disco two years earlier.

It will also address Libyan claims arising from US attacks on the Libyan capital, Tripoli, and Benghazi in 1986.

The deal was signed in Tripoli by US and Libyan officials.

David Welch, US assistant secretary of state and Washington's top Middle East diplomat, met Ahmed al-Fatroui, head of America affairs, in Libya's foreign ministry to seal the agreement.

Mr Welch said it was a very important agreement that "turns a new page in our relationship".

"Under this agreement each country's citizens can receive fair compensation for past incidents. When fulfilled, the agreement will permit Libya and the US to develop their relations," he said.

He told the BBC that the amount of compensation in question was \$1.5bn (£750,000) for the US families and \$300m (£150m) for the Libyan families.

Libyan state media said US President George W Bush had sent a message to the Libyan leader, Muammar Gaddafi, saying he hoped relations between the two countries would continue to improve.

The agreement does not constitute an admission of fault by either party.

An international Humanitarian Settlement Fund will be set up in Libya to compensate all American and Libyan claimants.

Foreign companies and international institutions operating in Libya, which include some American companies, will contribute to the fund.

The deal also paves the way for a full restoration of relations, including the opening of a US embassy in Tripoli and direct US aid.

In all, there were 26 lawsuits filed by American citizens against Libya and three by Libyan citizens against the US.

The 1988 bombing of Pan Am Flight 103 over Lockerbie, Scotland, killed 270 people and the 1986 bombing of a Berlin disco killed three people and wounded more than 200.

Libya says at least 40 people died in the US air strikes.

Relations between Libya and the US have improved dramatically since 2003, when Libya accepted responsibility for the Lockerbie bombing.

Story from BBC NEWS:

<http://news.bbc.co.uk/go/pr/fr/-/2/hi/americas/7561271.stm>

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