

**BOARDS OF GOVERNORS / 1998 ANNUAL MEETINGS /  
WASHINGTON, D.C.**

**INTERNATIONAL MONETARY FUND  
WORLD BANK GROUP**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL FINANCE CORPORATION  
INTERNATIONAL DEVELOPMENT ASSOCIATION  
INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES  
MULTILATERAL INVESTMENT GUARANTEE AGENCY

**J**

---

Press Release No. 59  
October 6 - 8, 1998

Statement by the Hon. MOHAMED A. BAIT ELMAL ,  
Governor of the Bank for the SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHIRIYA ,  
at the Joint Annual Discussion

Statement by Dr. Mohamed A. Bait Elmal  
Head of the General People's Committee of the Ministry of Finance  
and Governor of the Bank for the Socialist People's Libyan Arab Jamahiriya  
at the 1998 Annual Meetings of the IMF and World Bank

Mr. Chairman  
Governors  
Ladies and Gentlemen

On behalf of my country, Mr. Chairman, I am honored to offer congratulations on your selection to chair this year's meetings of the Board of Governors, which I hope will meet with great success under your leadership.

Mr. Chairman, the negative trends in the world economy have engendered the lowest performance level in many years, with growth at only about 2 percent and the collapse of financial markets in a number of countries. This has had an adverse effect on capital flows and investment in many countries, particularly the developing countries.

The state of the world economy reflects the financial crisis that has devastated the countries of southeast Asia since the end of last year, the negative effects of which have spread to other countries. The international financial institutions and their member countries, particularly the industrial states, must work together to contain this crisis and keep it from spreading to other countries, so as to prevent the collapse of the international financial and monetary systems. The countries suffering from financial and monetary crises must also shoulder their responsibilities and take the necessary actions to treat the causes of these crises.

Mr. Chairman, the principal causes of the financial crises affecting certain countries can be attributed to insufficient surveillance by the financial institutions and their inability to foresee these crises. It is incumbent upon the IMF to monitor economic developments throughout the world and to intervene at the appropriate time to prevent the occurrence of similar crises.

Despite the efforts of the Bretton Woods institutions to correct trade imbalances, promote development, and reduce debt burdens through the HIPC initiative, especially in the least developed countries, today we find that the gap between rich and poor countries is wider than ever. This has led to an increase in the number of the world's poor and a steady deterioration in the level of social services, particularly health and educational services.

Mr. Chairman, Libya continues to suffer from the sanctions imposed by the Security Council's resolutions, including the prohibition of flights to and from Libya and the sale of equipment and spare parts for the oil industry, the freezing of Libyan assets in foreign banks, and limitations on financial facilities. These sanctions are in conflict with the spirit and principles of the Bretton Woods institutions and other international organizations. They are also in conflict with the requirements of trade liberalization, free capital movement, and the trend toward globalization that we are witnessing today.

Mr. Chairman, these sanctions have had an adverse effect on both the economic and social development of Libya. In addition to the social and human losses, which cannot be valued in monetary terms, sanctions have imposed material losses on the Libyan people of at least US\$23 billion to date.

My country is determined to find a just and rapid solution to the Lockerby issue, within the framework of international law and conventions. I stand before you today, asking the international community and its various organizations—and foremost among them the Bretton Woods institutions—to try to understand our position and endeavor to relieve the suffering of the Libyan people by reviewing these sanctions and eventually eliminating them.

Thank you very much.