

**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

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**INTERNATIONAL MONETARY FUND**

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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 Abdalla Bait Al-Mal,  
Secretary of the People's General Finance Committee,  
Great Socialist People's Libyan Arab Jamahiriya  
and Governor of the World Bank for Libya  
to the 1997 Annual Meetings of the World Bank  
and the International Monetary Fund - Hong Kong

Mr. Chairman,  
Governors  
Ladies and Gentlemen,

In the name of the delegation of the Socialist People's Libyan Arab Jamahiriya, I am pleased, Mr. Chairman, to congratulate you on the occasion of being selected to the Chairmanship of this year's Board of Governors. I wish you success in moderating these meetings and achieving good results whose effects will be felt by the various nations of the world through the commitment of member countries to coordinated economic, financial, and monetary policies that take into account the needs and conditions of those nations.

Our meetings this year coincide with the great celebrations on the occasion of the return of Hong Kong to the motherland. We applaud the hospitality, generosity and excellent preparations for making our meetings a success, and we congratulate the Chinese people on this auspicious occasion and wish them success and prosperity.

Mr. Chairman,

Although world economic growth is expected to reach 4% in 1997 and 4.5% in 1998, which is among the highest annual rates since the beginning of the seventies, thanks to the performance of the world's industrialized as well as developing countries, this has

been accompanied by several adverse economic developments in Southeast Asia, an important region in the world economy, owing to the currency and financial market crisis. Part of that crisis was due to external factors beyond the control of these countries as well as to the policies of the major-currency countries. The Mexican crisis at the end of 1994 and the current events in the Southeast Asian countries represent a serious development and are a source of great concern to the developing countries. Despite the positive approach of the IMF in dealing with such crises, a major part of the solution lies in the major-currency industrial countries shouldering their responsibilities for adopting economic, financial and monetary policies that take the conditions of other countries into account. It also requires a comprehensive supervisory role by the IMF over economic indicators in various countries of the world.

Mr. Chairman,

While we welcome the agreement on a one-time allocation of Special Drawing Rights (SDRs) under the amendment to the Fund's Articles of Agreement, in light of our desire to achieve general consensus, we emphasize that this should not be at the expense of the general allocation of SDRs under the Fund's existing Agreement.

In the context of increasing the Fund's resources and enabling it to strengthen its role, we hope that the eleventh general quota increase will be allocated equally among member countries.

Mr. Chairman,

The Great Jamahiriya faces arbitrary sanctions imposed by the Security Council under its Resolutions No. 748 of 1992, and No. 883 of 1993, merely on the basis of suspicion that two Libyan citizens were involved in the so-called "Lockerbie" case, despite agreeing to a trial of the two suspects at the International Court of Justice by Scottish judges or in a neutral country, and despite calls by numerous regional and international

organizations such as the League of Arab States, the Organization of African Unity, the Islamic Conference Organization as well as many sister and friendly countries for the lifting of these sanctions. However, this has not happened because of the insistence of certain Western countries on maintaining them, which is a flagrant violation of all international resolutions, covenants and norms.

The adverse effects of those sanctions have reached all sectors and have started to have serious results. They have also hindered development programs and plans designed to advance development programs and plans in the Great Jamahiriya.

Mr. Chairman,

The arbitrary sanctions imposed on the Jamahiriya have resulted in financial losses, so far estimated at more than \$23 billion. I may summarize some of the financial and economic effects as follows:

- The rising financial losses resulting from the freezing of Libyan assets due to unilateral US measures and subsequent Security Council resolutions.
- Denying the Great Jamahiriya the chance of utilizing financial facilities available to it from various international and regional financial and monetary organizations to which the Jamahiriya contributes, as a result of US measures preventing the Jamahiriya from using the Dollar in settling its international transactions, as well as Security Council resolutions.
- Depriving the Jamahiriya of numerous world investment opportunities, and of the ability to use and manage the revenues from its existing investments because these revenues are frozen.

- An increase in the cost of imports by nearly \$600 million annually as a result of the requirement to provide full coverage of credits on the one hand, and the reluctance of exporters to accept uncovered credits on the other.

Mr. Chairman,

In conclusion, it should be mentioned that these direct or indirect losses resulted from measures that constitute a clear violation of the covenants of international financial institutions, the provisions of the IMF Agreement which calls for liberation of international payments, and the provisions of the World Trade Organization Agreement which calls for removal of all barriers curtailing the flow of goods and services among countries. Therefore, we call upon the world community to lift these unjust and unjustified sanctions imposed on Libya. From this podium, we reiterate Libya's willingness to cooperate with the United Nations and the Security Council to find a just settlement to this dispute which has lasted too long without any convincing justification.

Thank you.