Libya Central To European-Arab-Comecon Trade Arrangements

Reports recently appearing in most U.S. major press describing Libya as an outpost of Soviet designs in Africa and the Middle East are a fraud. Such reports are part of an intentional disinformation campaign to distort the real strategic implications of the current Egypt-Libya crisis.

In reality, Libya is perceived as a vital oil-producing country primarily by *Western European* interests who have developed growing industrial and financial ties with Libya. Because of Libya's simultaneous close political and economic ties with Eastern European countries, it is now strategically central to the creation of a gold-Arab dinar-transfer ruble-based world monetary order.

This potentiality surfaced most clearly with the 1976 purchase by Libyan interests of a percentage of Italy's Fiat auto concern, a purchase that was negotiated in part in Moscow.

Libya has been one of the Arab oil-producing countries most mentioned as a third partner in developing Italian-Soviet bilateral transferable ruble trade deals.

Libya's vital world-economic role has frequently been defined by Libyan government and semi-official banking representatives. The Libyan Arab Foreign Bank, which negotiated the Libyan end of the Fiat deal, has recently formed a joint venture bank with Kuwaiti and private Saudi interests to help fund economic development in Latin America, with a specific orientation to hard commodity and long-term investment. Over the past year, the head of the bank, Abdullah Saudi, has expressed his wish to expand in a major way into Third World development and into high-technology investments into the U.S. and Western Europe.

According to the July 15 *Events* magazine, "the main strand of Libyan foreign policy is centered on securing a place for itself in a Mediterranean Common Market of the future." *Events* notes that Libya is intent on maintaining good relations with its Mediterranean neighbors, with the "wider industrial world," and with developing countries, particularly in Africa, in order to carry out an "industrial revolution."

Events cites two examples of Libya's foreign policy strategy: an attempt to obtain "American capital and knowhow...to make a success of ambitious industrial projects, particularly in the petrochemical field"; and the establishment of "joint trading companies" with several West African countries to "market Libyan goods once the Libyan industrial revolution gets going."

The *Christian Science Monitor* July 27 portrayed Libya as in the midst of a giant internal industrial development program, a program that has been so far left unhindered by the conflict with Egypt.

The *Monitor* provided a detailed accounting of progressing trade deals, including the involvement of unnamed foreign contractors in the expansion of the key eastern port of Benghazi; the contracting of Japanese aluminum companies and Yugoslav firms to build and

Libyan Arab Foreign Bank: For Development Of The Third World

The July 15 *Middle East Economic Digest*, in a feature on the Libyan Arab Foreign Bank (LAFB), portrays it as at the center of new funding institutions for Third World development.

According to *Middle East Economic Digest*, the LAFB, set up almost five years ago by the Central Bank of Libya, "has been one of the most active Arab financial institutions outside the (Persian) Gulf." One of its most significant actions has been the establishment of the first Arab-Latin American Bank, Arlabank, scheduled to begin operations later this year. In this bank, LAFB will have 40 percent of the capital jointly with the Kuwait Foreign Trading, Contracting, and Investment Company; several Arab-European banks will hold 20 percent and 14 Latin American banks will hold the rest.

Middle East Economic Digest comments that "Libya's involvement as a major participant in setting up Arlabank comes as no surprise. The LAFB has considerably expanded its activities in the international money market and has set up several joint banks particularly in the Third World. It is also a shareholder in most major banks set up in the last four years by Arab, European, Japanese and African banking and financial institutions to channel Arab surpluses into developing projects in the Mideast and elsewhere."

Middle East Economic Digest quotes LAFB head Abdullah Saudi: "The LAFB is not in business merely to take dividends. In many cases its investment policies have been motivated by Libya's long-term domestic economic interest." With its $25 billion five-year plan, Saudi continues, Libya "requires the services of foreigners....Third World countries may not be able to provide the advanced technology Libya hopes to obtain, but they supply much of its manpower and raw material requirements. It is here that LAFB has been most active."

Middle East Economic Digest concludes that LAFB's Third World investment policy has remained "remarkably independent" despite governmental control. "The largest part of LAFB's capital," Saudi stresses, has gone to Egypt, with which the Libyan government's relations have been strained for years.