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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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THE ECONOMY OF LIBYA

A Background Reference Paper

October 15, 1958

Department of Operations  
South Asia and Middle East

CURRENCY CONVERSION

1 Libyan Pound - 1 Pound Sterling - 2.80 U.S. Dollars  
U.S. \$1 - £L 0.357

CONTENTS

	<u>Page No.</u>
FOREWORD AND BIBLIOGRAPHY	2
BASIC STATISTICS	3
CHAPTER I - HISTORICAL SKETCH	6
CHAPTER II - STRUCTURE OF THE ECONOMY	9
(A) Natural Resources	9
(B) Production and Employment	10
(C) Overseas Trade and Payments	14
(D) Internal Finance	15
CHAPTER III - PATTERN OF DEVELOPMENT	18
STATISTICAL APPENDIX	22
Table 1. Libya's Balance of Payments	23
2. Composition of Exports	24
3. Destination of Exports	24
4. Composition of Civil Imports	25
5. Source of Civil Imports	26
6. Quantities of Selected Imports	26
7. Consolidated Balance Sheet of National Bank	27
8. Currency in Circulation	28
9. Commercial Banking Statistics	28
10. Cost of Living Index in Tripoli	28
11. Government Revenue and Expenditure	29
12. Receipts of Foreign Aid	30
13. Contributions to Development Funds	30
14. Expenditures of Development Agencies	31
15. Agricultural Production in Tripolitania	32
16. Estimated Annual Range of Libyan Livestock, 1950-56	32
17. Libyan Industries by Size and Number of Employees, 1956	33
18. Shipping Statistics	33
MAP OF LIBYA	34

FOREWORD AND BIBLIOGRAPHY

This general background paper has been prepared by the Chief Economist for the information of members of the I.B.R.D. Survey Mission to Libya. It is based mainly on published material; in particular, extensive use has been made of the reports put out by the World Trade Information Service of the U.S. Department of Commerce. Other publications consulted include the following:

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External Trade Statistics, 1954, 1955 and 1956.

BASIC STATISTICS

(N.B. Some of the figures given below are only very rough approximations)

Area

Total area	1,750,000 sq.km
of which:	
Suitable for static farming	5,000 sq. km (0.3%)
Shifting cultivation, date palms, forests and grazing	135,000 sq. km (7.7%)
Desert	1,610,000 sq. km (92.0%)

Population (1958 Estimated)

Total population (95% Moslem)	1,250,000
of which:	
By Provinces	
(Tripolitania)	850,000
(Cyrenaica)	350,000
(Fezzan)	50,000
By way of life	
(Urban)	250,000
(Settled rural)	500,000
(Others)	500,000
Rate of growth	1% - 1½% per annum

National Income \*

U.N. Mission estimate (1951)	£15 million
MIT estimate (1953) used by IMF	£27 million

\* These two estimates are not comparable. The wide difference between them illustrates the great uncertainties involved in calculating national income and output in Libya in present conditions.

Balance of Payments (1956)

Exports and re-exports, f.o.b.	£ 4.0 million
Imports, c.i.f.	<u>£17.5 million</u>
Visible balance	-£13.5 million
Foreign military expenditures	+£10.8 million
Official donations	+£ 8.7 million *
Other services and private donations (net)	<u>-£ 7.0 million *</u>
Current balance	-£ 1.0 million
Errors and omissions	+£ 5.1 million
Private capital receipts	<u>+£ 1.3 million</u>
Increase in foreign exchange assets	<u>+£ 5.5 million</u>

\* Services received under U.S. and U.N. Technical Assistance Programs (£2.6 million) included in both items.

Foreign Trade (1956)

Exports and re-exports, f.o.b. £ 4.2 million  
of which (excluding re-exports):

	( Peanuts	21%
	( Sheep and cattle	15%
	( Scrap metal	13%
	( Esparto	11%
By commodity	( Wool and animal hair	6%
	( Hides and skins	6%
	( Sponges	5%
	( Others	23% *

\* Including olive oil which is normally a major export (12% of total in 1955)

	( Italy	38%
	( United Kingdom	21%
	( Egypt	14%
By destination	( Malta	8%
	( Germany	7%
	( Greece	4%
	( Others	8%

Civil imports, c.i.f. £16.6 million  
of which:

	( Food and drink	28%
	( Textiles, clothing and footwear	15%
	( Machinery and vehicles	18%
By commodity	( Coal and petroleum	7%
	( Metals and manufactures	7%
	( Building materials	5%
	( Others	20%
	( Italy	30%
	( United Kingdom	22%
	( Germany	10%
By source	( France	6%
	( Egypt	6%
	( Holland	5%
	( Others	21%

Foreign Exchange Reserves (End-March 1958)

Foreign assets of National Bank £17.4 million

Public Finance (1957/58 Revised Budget)

Revenue (Federal and Provincial Governments) £12.0 million  
of which:

Customs duties	33%
Other indirect taxes	15%
Direct taxes	10%
Other domestic revenue	13%
External assistance	29% *

Expenditure (Federal and Provincial Governments) £12.0 million  
of which:

Administration, law and order	41%
Defence	6%
Social services	28%
Economic services	25% *

\* Excluding contributions to and expenditures by various development agencies.

Public Debt Nil \*

\* Subject to the qualification that a small proportion of U.S. aid to Libya has taken the form of loans repayable in local currency.

Currency and Banking (March 1958)

Currency in circulation	£ 7.2 million
Demand deposits	£14.5 million
Time deposits	£ 2.6 million
Commercial bank advances and bills discounted	£ 7.9 million

Prices (March 1958)

Cost of living index, Tripoli (January 1955=100)	120
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CHAPTER I. HISTORICAL SKETCH

1. The United Kingdom of Libya came into being on December 24, 1951, following a decision taken by the United Nations in November 1949 that the three territories of Tripolitania, Cyrenaica and the Fezzan should be constituted a fully sovereign and independent country. Before the war these territories had been under Italian rule, and after Italy's defeat they were occupied by the Allied powers - Cyrenaica and Tripoli by Britain and the Fezzan by France. Libya's entry into the United Nations after independence was initially vetoed by the Soviet Union, but she became a member, along with fifteen other waiting applicants, in December 1955. She joined the International Monetary Fund, the International Bank for Reconstruction and Development and the International Finance Corporation in September 1958.

2. Libya, with an area well over half the size of India and more than two and a half times the size of Texas, has a population of only  $1\frac{1}{4}$  million. Two-thirds of the population live around Tripoli and most of the rest in Cyrenaica between Benghazi and Derna. Apart from these two coastal regions the country consists almost entirely of desert, and habitation is confined to a few scattered oases, which are shown on the map appended. Approximately 95% of the population of Libya consists of Moslems of mixed Berber and Arab descent.

3. The settled areas of Tripolitania and Cyrenaica are divided by hundreds of miles of desert, and in early times the two provinces had very different histories. Tripolitania, "Land of the Three Cities", derives its names from the colonies founded on its coast by Phoenician traders, at Leptis Magna, Oea (Tripoli) and Sabratha. Towards the end of the sixth century B.C. these cities passed under the control of Carthage, and when the Carthaginian empire was finally destroyed in 146 B.C., Rome took over. Cyrenaica meanwhile had first been colonized by the Greeks, probably in the seventh or eighth centuries B.C., and had later been incorporated in the empire of Alexander the Great. Its links with Egypt were strengthened during the reign of the Ptolemies, but its city life remained distinctively Greek in character, centering on the five main cities once known as the Pentapolis - Cyrene, Barce, Apollonia, Tokra and Euhesperides (now Benghazi). Cyrenaica followed Tripolitania under Roman rule in 96 B.C., but throughout the Roman period, which lasted until the end of the fifth century A.D., the two provinces lived separate existences, distinct from each other in culture and outlook.

4. The decline and fall of the Roman Empire in North Africa was marked, first, by repeated incursions of Berber tribes from the south and later by the invasion of the Vandals from Spain towards the end of the fifth century. Roman influence was briefly reasserted by the Emperor Justinian, and for about a hundred years Libya was ruled from Byzantium. But the Arabs in-

vaded the country from Egypt in 643 A.D., and from then onwards city life dwindled in importance, and the life of the country increasingly assumed a tribal pattern marked by more or less continuous conflict between the new settlers and the native Berbers. Tripoli was held by the Arabs as a fortress (with one brief interval of Norman occupation) until 1510, when it fell to the Spaniards who subsequently handed it over to the Knights of Malta. Turkish corsairs occupied the city in 1553, and for the next 350 years both Tripolitania and Cyrenaica were ruled, very loosely, by the Turks. For part of this period (1714-1835) the local Karamanli dynasty maintained more or less complete independence from Constantinople, and Tripolitania became a stronghold of the Barbary pirates, with whom the American navy joined issue at the beginning of the nineteenth century (1801-1805).

5. The modern history of Libya starts with the occupation of the country by Italy in 1911-12. Having dispossessed the Turks, the Italians encountered considerable resistance from the Libyans in their efforts to colonize the country and to develop it as a military base. In fact, the first twenty years of the Italian occupation were marked by continuous unrest, particularly in Cyrenaica where the Senussi brotherhood formed the nucleus of the opposition. Initially Tripolitania (with the Fezzan) and Cyrenaica were separately administered, but they were formally unified at the beginning of 1934 as the Italian colony of Libya. Italian rule was brought to an end by the defeat of Italy in 1943.

6. The Italian Government is estimated to have spent 1.8 billion lire (\$160 million equivalent at pre-war rates of exchange) on public works, utilities and agricultural development during the thirty years of its administration. Most of the investment up to 1936 was directed to the construction of railways, roads, ports and public buildings, but in the latter phase (1936-1942) two-thirds of the expenditure was on agricultural development and land reclamation. About 4,000 Italian families had been settled on the land in Tripolitania by 1940 and more than 2,000 in Cyrenaica, partly in private concessions and partly in large public settlements, and approximately 250,000 hectares of land were being developed by the settlers in the two provinces.

7. By 1941 the Italian population of Libya numbered 110,000, of whom 70,000 were in Tripolitania. The whole of the Italian colony in Cyrenaica was evacuated by the Italian Government in 1942, and many other Italians left the country during and after the war. About 30,000 Italians are now living in Tripolitania, and they constitute the largest foreign minority in Libya. There are also several thousand Jews, descendants of refugees from Jerusalem in the first century A.D. and from Spain in the Middle Ages, together with small minorities of Maltese and Greeks who are principally engaged in commerce, shipping and sponge fishing.

8. The present Kingdom of Libya is a constitutional monarchy with a federal system of government. The first monarch is King Idris I, who has been head of the Senussi family since 1916 and led the revolt against the Italians, spending the latter years of the Italian occupation in exile

in Egypt. The Kingdom has a bicameral legislature consisting of a Senate and House of Representatives. The Senate has 24 members, 8 from each province; half are appointed by the King, while the other half are elected by the provincial assemblies. A new Senate was elected in March 1956 for an 8-year term. The House of Representatives is elected for four years on the basis of one deputy for each 20,000 persons. No province can be represented by fewer than five deputies, and at present Tripolitania has 35, Cyrenaica 15 and the Fezzan 5. The franchise is confined to men, and no women hold office in Libya.

9. Laws can be initiated by the King, by the Senate or by the House of Representatives; but only the King or the House can initiate fiscal legislation. A bill passed by both houses goes to the King for promulgation within 30 days. If a bill is returned by the King, it has to be reconsidered by Parliament, and if it is then passed again by a two-thirds majority of each chamber, it must be promulgated within 30 days. The King, however, has the power to dissolve the lower house.

10. The Executive consists of a number of Departments under Ministers appointed by the King on the recommendation of the Prime Minister. In theory the Cabinet is constitutionally responsible to the House of Representatives, which can force its resignation by a vote of no confidence. The Governors (Walis) of each province are appointed by the King and are assisted by an appointed executive council and an elected legislative assembly. At present Benghazi and Tripoli are joint capitals of the Kingdom, and a new summer capital is being built at El Beida, which lies in the hills near the ancient city of Cyrene about 140 miles east of Benghazi.

11. The relationship between the Federal Government and the Provinces is rather obscure. The Constitution lists a number of subjects where the power to legislate is vested in the Federal Government, but where executive powers rest with the Provinces acting under the supervision of the Federal Government. These include such important matters as income tax, shipping, air traffic, the organization of imports and exports, commercial and criminal law, labor regulations, social security and public health. The view has been expressed by a U.N. legal expert that this is not really a federal system at all, but a unitary system "with a complicated and quasi-autonomous system of local government".

12. Libya has no political parties as such. Provincial loyalties, however, are strong, and political groups tend to be based on tribal and regional alliances.

CHAPTER II. STRUCTURE OF THE ECONOMY

(A) Natural Resources

Climate and Water

13. Libya has very little water and a lot of sand. Apart from the desert oases only four small areas comprising less than 1% of the country are at present suitable for settled cultivation. These are the coastal plain around Tripoli (the Jefara), the slopes of the hills running down to this plain (the Jebel), the Barce plain lying along the coast of Cyrenaica (actually a limestone outcrop about 1,000 feet above sea level) and the Cyrenaican plateau ranging up to 2,000 or 3,000 feet in height inland from the Barce plain (known as the Jebel Akhdar or "green mountain"). Even in these areas rainfall is sparse and highly irregular. Less than half the settled area of Tripolitania can normally expect an annual rainfall of more than 8", and the whole of this may occur in a few days in the winter, while in some areas there may be practically no rain at all. To add to the hazards of cultivation, northern Tripolitania is frequently swept by violent, hot, sand-bearing winds from the desert ("ghiblis") and is occasionally plagued by invasions of locusts. Rainfall in the coastal areas of Cyrenaica is generally less than 8" a year, but the Jebel Akhdar is better favoured, with an average of more than 12" a year over the area as a whole and as much as 20" a year in the extreme north. Here too, however, practically all the rain falls in the winter, the climate is extremely irregular, and partial or total droughts are frequently experienced. Practically no rain at all falls in the Fezzan.

14. There is a lack of reliable data about underground water resources. The water-table in the coastal zone of Tripoli is generally from 15 to 50 feet below the surface, with a second level of water in some areas about 50 to 70 feet below the first. A considerable number of small springs are found in the Jebel, and underground water has been located in a few places, generally at depths of 150 to 200 feet. A number of good springs issue from the foot of the Cyrenaican escarpment, and there are a few underground streams in the coastal plain, though the water is frequently brackish. In the oases of the Fezzan the water-table is generally about 15 to 20 feet below the surface, with a second level of water at 60 to 75 feet. Further abundant water resources have recently been discovered by the oil companies at various places in the Fezzan and elsewhere in the desert at depths of 600 to 1,000 feet.

Mineral Resources

15. The known mineral resources of Libya are few in number and, except for marine salt, very limited in quantity. Production of salt, about 20,000 tons a year, is restricted to the needs of the domestic market, but more could be produced if there was a demand for it. Small quantities of sulphur are privately mined in Cyrenaica, which also has small undeveloped deposits of potassium, sodium carbonate and phosphates. Tripolitania

produces small quantities of gypsum, limestone and marble to meet local needs. It has some low-grade deposits of phosphate and manganese, but these are thought to offer few possibilities for commercial exploitation.

16. Oil is the one mineral with promising prospects for development. Eleven foreign companies - eight American, one British, one Dutch-British and one French - are at present engaged in exploration and are budgeting to spend between them almost £L 20 million during the current fiscal year; the exploratory concessions so far granted cover more than half the country. The most "encouraging" strike so far reported was made a few months ago by a subsidiary of the Ohio Oil Company in the desert of Tripolitania, close to the Cyrenaican border, about 75 miles south of the Gulf of Sirte. This brought in 75 barrels of 30-degree gravity oil in  $2\frac{1}{2}$  hours, and subsequent exploration has apparently indicated the possibility that a sizeable oil-field may exist in the area. An affiliate of the Standard Oil Company of New Jersey previously discovered oil in the Fezzan near the Algerian border, but this was considered to be too far from the Mediterranean to be commercially exploitable as output was rated at only 500 barrels a day.

### (B). Production and Employment

#### Occupations of the People

17. A preliminary population census was taken under difficulties in 1954, but the results have not yet been fully tabulated. Nor is there any reliable series of vital statistics for past years. The total population of Libya is commonly believed to be in the region of  $1\frac{1}{4}$  million. Birth rates and death rates are both very high, and the present rate of population growth is thought to be a little over 1% a year.

18. One-fifth of the population is classified as urban, two-fifths as settled rural and two-fifths as nomadic or semi-nomadic. Thus something like 80% of the population are directly dependent for their living on agriculture and livestock breeding. The bulk of the urban population live in the two cities of Tripoli (130,000 in 1954) and Benghazi (70,000). A census of urban industry and employment taken in 1956 showed about 68,000 people as being employed in industry, public utilities, commerce, transport and other service trades, and of these 60% were in Tripoli and 20% in Benghazi. There is a small fishing industry largely conducted by Italians, Greeks and Maltese.

#### Agriculture, Livestock and Fisheries

19. Tripolitania contains about two-thirds of the regularly cultivated land in Libya and accounts for the bulk of its agricultural production. The main crops are barley, wheat, esparto grass (grown wild), olives, dates, peanuts, oranges, tangerines, lemons, almonds and castorseed. Most of these crops are regularly exported except for wheat and barley, which are grown mainly for home consumption. In recent years increasing attention has been paid to the cultivation of tobacco and vegetables such as tomatoes,

potatoes and carrots. Poultry farming is conducted on a small scale, mainly for the supply of eggs to Malta. The Italians started a vine-growing industry, but this appears to have been largely abandoned. Production statistics for most of the crops (Table 15) show considerable fluctuations from year to year reflecting the vagaries of the climate. As an extreme example, production of barley in Tripolitania in 1947 was only about 2,000 tons, but in 1949 it reached a record level of 141,000 tons, which has never since been regained.

20. Cyrenaica produces mainly barley, wheat and dates. The cultivation of fruit and olives is being developed on a small scale, and there is an area of forest in the Jebel Akhdar, where a program of afforestation is in hand. Farming in Cyrenaica is much less highly capitalized than in Tripolitania, methods of cultivation are primitive and yields are low. Annual output of barley normally ranges from 15,000 to 40,000 tons, of wheat from 4,500 to 8,000 tons and of dates from 2,500 to 10,000 tons.

21. Farming in the Fezzan is mainly conducted on a subsistence basis, cereals and vegetables being grown in small quantities for local consumption. The most important crop in the province is dates, production of which ranges from 5,000 to 8,000 tons a year.

22. Livestock breeding is mainly centered in Cyrenaica, which probably has about three-fifths of all the animals in the country. Sheep and goats predominate; there are also considerable numbers of cattle, as well as camels, horses and donkeys. Statistics are scanty and unreliable (Table 16), and the animal population varies greatly from year to year. In 1956, for example, as a result of drought, large numbers of sheep and goats died in Cyrenaica, estimates of the death toll ranging from 30% to 60% of the flocks. Sheep and goats are bred primarily for meat and milk, with wool, skins and hair as secondary sources of income. Cattle are kept in Tripolitania mainly for use as draft animals, but in Cyrenaica the emphasis is more on meat and milk. About 2,000 pigs are kept by Italian farmers in Tripolitania.

23. The Libyan coast is well endowed with sponge beds, and the fishing grounds contain considerable quantities of reputedly excellent fish. The fishing industry is nevertheless of comparatively minor importance, most of it being in the hands of Italians, Greeks and Maltese. The main commercial catches are sponges, tuna and sardines, and tuna and sardines are canned in Tripoli where several small firms are engaged in the industry. There are no reliable statistics of catches, but exports of sponges and fish have been running at the rate of about £L 400,000 a year.

### Industry

24. Manufacturing industry in Libya is confined almost exclusively to handicrafts and to small units processing local agricultural products. The 1956 census shows 14,500 people as employed in manufacturing and repair work in over 3,000 separate establishments, of which only 36 had more than nine employees and only 12 had more than a hundred (Table 17). The city

of Tripoli has olive oil presses and refineries, soap factories, castor oil presses, tanneries, macaroni factories, tuna and sardine canning factories, flour mills, shoe factories, a brewery and a number of plants producing soft drinks. There are also a number of building contractors, brick and tile manufacturers and enterprises engaged in repair and servicing work. Local handicraft industries include leather work, trays, jewellery, textile weaving, ceramics and carpentry. Cyrenaican industries are fewer in number and are mainly concentrated in Benghazi. Apart from British Army establishments and petroleum distribution, there are a flour mill, a textile factory, a number of tanneries, some building firms, five small macaroni factories and a shoe factory. Elsewhere in Cyrenaica the only industrial establishments of any importance are a winery at Beida and an olive press, olive oil refinery and tannery in Derna. The Fezzan has no industry worth mentioning.

#### Power

25. All the major towns in Tripolitania and Cyrenaica have electric power installations, and there is also a small power plant at Sebha in the Fezzan. These plants are mostly owned and operated by the Provincial Governments. The only two with a capacity in excess of 1,000 kw are the power plant at Tripoli (rather over 20,000 kw) and Benghazi (about 5,000 kw). Both these plants are being expanded.

#### Transport and Communications

26. The principal highway in Libya is the coastal road which runs for about 1,140 miles between the Tunisian and Egyptian borders. This is paved throughout its length and is generally in good condition, though not all the bridges destroyed during the war have yet been replaced. A number of minor roads serve the main inland towns in northern Tripolitania and Cyrenaica. The oases in the Fezzan are linked with the rest of the country only by desert tracks. Road traffic in Libya has increased very rapidly during the past ten years, and by the end of 1956 there were about 12,000 cars, trucks and buses registered, as well as considerable numbers of motor cycles and bicycles.

27. Libya has two narrow-gauge railway systems. The more important one, with a total length of 168 miles of single track line, connects Tripoli with Zuara, Azizia and Tagiura; the other runs from Benghazi to Barce and Solluk. Total freight carried by the railways in 1956 was about 37,000 tons and consisted mainly of grain, esparto grass, fruit and stone.

28. Tripoli and Tobruk are the only two deep-water harbors in Libya, and the second of these is little used. The main port of Cyrenaica is at Benghazi, but the harbor there is limited to vessels drawing less than 14' 6". A number of small harbors in Tripolitania and Cyrenaica are used by fishing fleets and small coastal steamers. More traffic is handled at Tripoli than at all the other ports put together (Table 18).

29. Libya has two international airports - Idris airport near Tripoli and Benina near Benghazi. Regular flights operate through these airports to Rome, London, Brussels, Paris, Tunis, Cairo, Malta, Cyprus and East and West Africa. The only important internal flights are between Benghazi and Tripoli, but there is also a connection with Sebha in the Fezzan.

30. Postal, telephone and radio services are owned by the Government and operated by the Ministry of Communications. The existing telecommunications system is antiquated, but a program of modernization is in hand. The desert's principal oases are linked by radio with Tripoli and Benghazi. There is one broadcasting station in Tripoli.

#### Tourism

31. The Italian Government was trying before the war to develop Libya as a tourist center, and considerable numbers of Italians visited the country every year. Modern hotels were built in Tripoli and Benghazi, and attention was given to the restoration of antiquities at Cyrene, Leptis Magna and other ancient sites. Attempts are now being made to revive the tourist trade, but as yet it plays a minor role in the country's economy.

#### Social Services

32. The great majority of the Libyan population is illiterate. Considerable progress has been made, however, in the past ten years in laying the foundations of an educational system, and by 1956/57 Libya had 441 elementary schools, 30 preparatory and secondary schools, 8 vocational training centers and 4 teacher training colleges. The number of pupils attending school was about 82,000 or more than twice as many as five years previously, though fewer than 7,000 of these were above the elementary level. The 2,500 Libyans employed as teachers in 1956/57 were almost all in elementary schools, and four-fifths of the teachers in other schools were foreigners, predominantly Egyptian. A Libyan university was established at Benghazi in 1954 with an initial enrolment of 35 students; the facilities offered so far are extremely limited.

33. The development of health services is likewise handicapped by shortage of trained Libyan personnel, and extensive use is being made of the services of foreign experts made available through the technical assistance programs of the United States and the United Nations. Most of the main towns in the country have hospitals, and there are maternity and child health centers in Tripoli and Benghazi, a 300-bed tuberculosis sanatorium at Cyrene and a number of clinics and dispensaries in rural areas. Housing standards are generally low, and a large part of the population lives in primitive huts, tents or caves. Tripoli, Benghazi and a few of the smaller towns have chlorinated water systems. There are also water-carriage sewage systems in the larger towns, but the plumbing is poor; sewage is untreated and goes to cess-pits or into the sea.

(C). Overseas Trade and Payments

34. Libya's commodity exports are small and go nowhere near to paying for imports (Table 1). The difference is, however, more than made good by foreign military expenditures in the country, by official grants from the United States, the United Kingdom and other sources and more recently by the rapidly growing expenditures of the oil companies. Consequently Libya has been able since independence to build up her foreign assets to a level sufficient to pay for more than a year's imports (Table 7). These reserves would, however, be very rapidly dissipated if foreign support was withdrawn, and the continuation of such support is essential if there is to be any prospect of maintaining, let alone improving, the country's present standard of living.

35. Libya's only hope of becoming economically self-supporting in the foreseeable future lies in the discovery of oil. Preliminary indications appear reasonably favorable, but it is too early yet to say whether the country will turn out to be a major oil producer. The first oil concessions were granted late in 1955, and the expenditures of the oil companies in Libya have since risen from £L 4.5 million in 1956/57 to £L 13.5 million in 1957/58 and not far short of an estimated £L 20 million in 1958/59.

36. The United States and United Kingdom both have important military establishments in Libya. The main United States establishment is the huge Wheelus Air Force Base a few miles east of Tripoli (HQ of the 17th U.S. Air Force), in which about \$100 million has been invested; the United States also has additional air force facilities near Benghazi. Use of these bases is regulated by the U.S./Libyan Base Rights Agreement of September 1954, which runs until 1971. The main British military establishments are in Cyrenaica and are covered by a 20-year Treaty of Friendship and Alliance which was signed between the United Kingdom and Libya in July 1953. In the early years of this agreement the tendency was towards a reduction of British forces in Libya; they were considerably reinforced in 1956, but now once again British military expenditures in the country are tending to decline. French troops were maintained in the Fezzan until 1955. An agreement reached in August of that year provided for their evacuation, but France retains certain airstrip and radio facilities on a temporary basis, for which she makes an annual payment to the Libyan Treasury. Total foreign military expenditures in Libya averaged around £L 6 million a year from 1952 through 1955 and then increased to nearly £L 11 million in 1956. They have risen further since.

37. Libya's agreements with the United States and United Kingdom provide for continued economic and financial support from both countries. The United Kingdom agreed for an initial period of five years to contribute £L 1 million a year to Libyan development organizations and £L 2.75 million a year in the form of budgetary aid. Of the development funds 75% are intended for development and 25% for stabilization and relief. Under the Libyan/U.S. agreement Libya receives \$4 million a year for the first six

years and \$1 million a year for the next ten in the form of special funds which are used mainly for public works. In addition, under separate agreements, Libya has received from the United States substantial amounts of financial assistance and economic aid, including aid in the form of surplus agricultural commodities. Total official donations to Libya, including technical assistance from the United States and United Nations, have risen from rather over £L 3 million a year in 1952 and 1953 to an average of over £L 9 million a year in 1955 and 1956 and still larger sums in subsequent years (Table 12).

38. During the five years 1952 to 1956 Libya's earnings from exports and re-exports fluctuated around a mean of about £L 4 million a year. Record earnings of approximately £L 5 million were achieved in 1957, thanks to exceptionally large shipments of olive oil. Apart from olive oil, supplies of which are subject to wide variation from year to year, the principal exports are livestock and livestock products, peanuts, scrap metal (a wartime legacy), esparto grass and sponges (Table 2). About two-fifths of Libya's exports go to Italy (three-fifths in 1957) and one-fifth to the United Kingdom, with Egypt, Malta, Germany and Greece as the other main customers (Table 3).

39. Civil imports, after running steadily around £L 11½ million a year in the four years up to 1954, have since risen sharply with the increase in external receipts from foreign military expenditures and economic aid (Table 4). Libya is almost entirely dependent on imports for her supplies of fuel, manufactured consumer goods and capital equipment; she must also import a large proportion of her food and building materials. Food and drink together accounted in 1955 and 1956 for about 30% of total expenditure on imports; textiles, clothing and other non-durable consumer goods for 20-25%; and machinery and transport equipment, including most types of consumer durables, for another 15-20%. The remainder was made up of coal and coke, petroleum, chemicals and fertilisers, iron and steel and miscellaneous materials and manufactures (Tables 4 and 6). Italy and the United Kingdom are the main sources of imports, followed by Germany, France, Egypt, Holland and Ceylon, the latter chiefly for tea which is widely drunk in Libya (Table 5). The regular import figures do not include imports of gift wheat, which in some years have been substantial.

40. Libya is a member of the sterling area, and the system of exchange control is broadly similar to that in most other sterling areas. Both imports and exports are subject to licensing restrictions, though a large range of imports is on open general license. Exports to the Iron Curtain countries and to Israel are prohibited. Most foreign trade is handled through private traders in Tripoli and Benghazi.

#### (D). Internal Finance

##### Government Revenue and Expenditure

41. The ordinary expenditures of the Federal and Provincial Governments in Libya have shown a steady upward trend in recent years, from just over £L 8 million in 1954/55 to an estimated £L 12 million in 1957/58 (Table 11).

These figures include the transactions of the postal and telegraph authorities and certain other government enterprises, but they exclude substantial sums which have been spent outside the ordinary budgets on economic development (Table 14). The development expenditures are mainly financed by foreign assistance made available through special agencies; they are discussed in more detail in Chapter III. Roughly 30% of ordinary government expenditures in 1956/57 and 1957/58 were financed out of foreign assistance, and if the expenditures of the development agencies are taken into account as well, the proportion of external financing was in the region of 50%.

42. The principal items of ordinary government expenditure are public health and education, the police and defence forces, communications and general administration. The cost of all these services has risen substantially in recent years. Libya has no internal public debt, and the higher expenditure has been financed out of a steady increase in both domestic and foreign revenues, with the Budget more or less in balance each year.

43. The Federal Government derives its revenue mainly from customs duties and foreign grants-in-aid. Most of the revenue of the Provincial Governments comes from the tobacco monopoly, income tax, government trading in sugar and grants from the Federal Government. If the domestic revenues of the Federal and Provincial Governments are considered together, customs duties accounted in 1956/57 and 1957/58 for over 40%-45% of the total, monopolies, excise and other duties for about 20% and direct taxation for rather under 15% (Table 11). The receipts of the post office and other government enterprises made up the rest. There is no federal income tax. Tripolitania inherited a system of income tax from Italian rule, and since independence income tax has been introduced in Cyrenaica, but in neither province is direct taxation very highly developed. The concessions granted to foreign oil companies have recently provided the Federal Government with a new source of income, and this may become increasingly important.

#### Currency and Banking

44. The basic unit of currency is the Libyan pound, which is maintained at par with the pound sterling. It is divided into 100 piastres of 10 milliemes each. The great bulk of the currency consists of notes with denominations ranging from 5 piastres to £L 10; coins are issued with denominations from 2 piastres down to 1 millieme. The total currency in circulation at the end of March 1958 was £L 7,187,000 (Table 8). This was an increase of nearly 60% as compared with March 1955, and although there was a marked stepping up of economic activity during this period, prices appear to have risen considerably (Table 10).

45. A National Bank was established in 1956 and was given full authority to supervise the banking system and regulate the credit and interest policies of the country. Its balance sheet is summarized in Table 7. The National Bank has the sole right to issue bank notes; it regulates the volume of currency in circulation; it acts as banker to the Federal and Provincial Governments; and it provides clearing-house facilities for the commercial banks. There are three branches, in Tripoli,

Benghazi and Sebha. A National Agricultural Bank was established early in 1957 to provide advice and guidance on agricultural problems, to advance loans to farm cooperatives or individual farmers and to assist generally in agricultural development.

46. All the commercial banks in Libya are controlled from outside the country. They are (in alphabetical order):

Arab Bank (Benghazi); Banco di Napoli (Tripoli); Banco di Roma (Tripoli); Banco di Sicilia (Tripoli); Banque Misr (Tripoli and Benghazi); Barclays Bank, D.C.O. (Tripoli, Benghazi, Misurata, Derna and Tobruk); British Bank of the Middle East (Tripoli); and Credit Foncier d'Algerie et de Tunisie (Tripoli and Sebha).

The demand deposits of the commercial banks, including the National Bank, amounted to £L 14,477,000 at the end of March 1958, while advances and bills discounted totalled £L 7,891,000 (Table 9).

### CHAPTER III. PATTERN OF DEVELOPMENT

#### Development Agencies and Funds

47. Responsibility for economic development in Libya has been delegated by the Government to a number of autonomous agencies. Of these the most important are the Libyan Public Development and Stabilization Agency (LPDSA), which was created in December 1951 and has been largely financed and organized by the British, and the Libyan-American Reconstruction Commission (LARC), which came into being in 1954 and derives its income wholly from the U.S. Government. The Libyans have a majority vote on the governing bodies of both institutions. Other agencies concerned with economic development are the United Nations Technical Assistance Board, the Libyan Finance Corporation and the National Agricultural Bank. In addition, certain development activities are financed through the Exceptional Budget, which is the direct responsibility of the Federal Government. A Development Council has been set up by the Government to coordinate the activities of these agencies, but its functions are advisory rather than executive in character.

48. Several development programs have been drawn up for Libya since she gained her independence, but none of these programs has been put into effective operation. The first was a five-year development program formulated in the light of proposals made by a United Nations Technical Assistance Mission in 1951/52, and this was adopted as the basis for the activities of the LPDSA. However, the agency lacked adequate funds to carry out the program in the five-year period, and a large part of the additional funds which subsequently became available for development was channeled through other agencies, particularly the LARC. A group of U.S. experts prepared estimates of Libya's development requirements for the years 1955/56 - 1960/61, and these were reviewed by an ad hoc International Committee, which drew up a plan for the spending of U.S. economic aid funds. However, this plan has never been adopted by the LARC, although the Commission's activities have broadly followed the recommendations of the U.S. experts. Finally, a special program was drawn up for the use of funds allocated through the Exceptional Budget in 1955/56, but this likewise has never been carried out.

49. Meanwhile, a good deal of money has been spent on economic development of various kinds, particularly since 1955/56 when the LPDSA got into its stride and the LARC first took a big hand in development financing. In all, in the six years 1952/53 to 1957/58 about £L 22 million was contributed to the funds of the LPDSA, the LARC and the Exceptional Budget (Table 13), and the combined expenditures of these agencies up to the end of 1956/57 were about £L 10 million (Table 14). Of these expenditures roughly 26% were on public utilities, 17% on transport, 12% on health and education, 12% on water development, and 11% on agriculture, forestry and fisheries. Another 17% took the form of capital contributions to the

National Bank of Libya and the National Agricultural Bank. The distribution of these expenditures does not, however, provide an entirely accurate picture of the pattern of public investment, since certain development activities (e.g. in communications and social services) are directly financed through the ordinary budgets of the Federal and Provincial Governments.

#### Agriculture and Water Development

50. In the period up to 1956/57 agriculture and water development between them accounted for about one-quarter of the money spent on development through the LPDSA, the IARC and the Exceptional Budget - or as much as one-third if the capital contributed to the Agricultural Bank is included. A large number of small projects have been carried out with extensive help from U.S. and FAO experts. They include the following:

(a) Animal Husbandry. About £L 250,000 was spent during the five years on schemes for raising the quality of livestock through the use of improved breeds, the elimination of parasites and disease, better ranch management, improved production of forage and more adequate veterinary services.

(b) Processing Industries. Expenditure of £L 136,000 was spread over a wide range of schemes, including the modernization of a dairy, the installation of a wool-washing plant, improvements in marketing of dates, the construction of disinfecting chambers at the port of Tripoli, and the establishment of a number of olive oil presses and a date processing factory. A start has also been made on improving the cold storage facilities in Tripoli and Benghazi.

(c) Land Settlement. About £L 100,000 was spent on land settlement, mainly on a scheme in the Wadi Caam near Tripoli, where 400 hectares are being prepared for cultivation and provided with the necessary water facilities. The intention is that nearly 200 farmers will eventually be settled on this land.

(d) Education, Training and Research. Over £L 250,000 was spent on the development of extension services, the development of two agricultural schools, an agricultural research center and a number of research and administration projects. Funds were also set aside for rebuilding the agricultural college in Tripoli.

(e) Forestry and Dune Fixation. Over £L 150,000 was spent on a variety of projects in this field, including the construction of forest houses, guard training, the stocking of nurseries and provision of stores and vehicles.

(f) Horticulture. Expenditure of nearly £L 100,000 was devoted mainly to the provision of improved seeds and seedling trees and the improvement of date and olive cultivation.

51. Expenditure on water development over the five years amounted to £L 1.2 million covering a large number of schemes of soil and water conservation, irrigation, construction of wells and cisterns and ground water investigation. The two largest projects were the irrigation works at the Wadi Caam settlement and flood control and water spreading works in the Wadi Megenin, which is also near Tripoli.

#### Public Utilities

52. The reconstruction of power and water facilities destroyed or damaged during the war absorbed a sizeable proportion of the funds available for development in the five years up to 1956/57. Expenditure on water supplies during this period amounted to about £L 600,000 and on electric power to nearly £L 2 million. However, the latter figure is somewhat misleading as a guide to the real investment undertaken, since more than half the expenditure on power represented the purchase by the Libyan Government of the Tripoli power station.

53. The LPDSA has undertaken the complete reconstruction of the Benghazi water supply, has built a new water tower in Tripoli and has financed the development of water supplies in some of the smaller towns and villages. The LARC also has a large program for providing water supplies in the smaller towns, including the drilling of wells and the installation of pumps and pipes.

54. Since the acquisition by the Government of the Tripoli power plant the LARC has allocated over £L 2 million for the expansion of the undertaking, the purchase of stores and the provision of working capital. The LARC is also financing power facilities in some of the smaller towns and villages. The LPDSA has meanwhile restored Benghazi's electricity supply, which was almost completely destroyed during the war; the power station has been repaired and extended, new distribution lines have been installed, and sub-stations have been erected and equipped. The LPDSA has also carried out work on the power station and distribution system at Derna and has installed electricity in a number of rural areas in Cyrenaica.

#### Transport and Communications

55. Major transport projects in Libya include the restoration of the port of Tripoli, the limited reconstruction of the port of Benghazi and improvements to the harbors of Derna and Tobruk; resurfacing of the coast road, reconstruction of bridges destroyed during the war and improvements to the desert road from Tripoli to the Fezzan; and improvements to runways and installation of new equipment at the civil airports at Tripoli and Benghazi. Total expenditure on these projects in the five years 1952/53 to 1956/57 amounted to nearly £L 1,750,000, of which roads claimed £L 1,095,000.

56. Most of the expenditure on communications has been borne on the regular budgets of the Federal and Provincial Governments. The two major projects being financed through the development agencies are the construction of a telecommunications network connecting the main urban centers in Libya, including the Fezzan, and the establishment of a broadcasting system with high power medium-wave transmitters in Tripoli and Benghazi and short-wave transmitters at other points on the coast and in the Fezzan.

### Social Services

57. Expenditure by the development agencies on education in the five years 1952/53 to 1956/57 amounted to about £L 400,000 and on health to over £L 750,000. School and hospital buildings have absorbed the bulk of this expenditure. Of the new projects now under way the largest is the construction of a new technical training college at Benghazi at a cost of £L 250,000.

### Government Buildings and Miscellaneous

58. The most important project under this heading, accounting for the bulk of the funds attributed to it in Table 14, is the building of a new administrative center for the Federal Government at El Beida in Cyrenaica, for which nearly £L 2 million has so far been allocated. When completed the new town will include a royal residence, parliament and government office buildings, ministers' residences and quarters for civil servants. El Beida is designed to serve as a summer capital of the Kingdom, but it seems doubtful if it will ever wholly displace the existing joint capitals in Benghazi and Tripoli.

### Conclusion

59. In each of the last few years most of the resources available for development have been absorbed by continuing projects in the various fields described above, and there has been little room for major new undertakings. The limiting factor does not appear to have been finance, for there are substantial funds still unspent. But the scanty administrative and technical resources available, and the time taken to prepare new projects, have prevented more rapid progress. Moreover, lack of proper coordination between the agencies responsible for development has inhibited the evolution of a unified development program for the country as a whole. The primary task of the proposed I.B.R.D. Mission will be to survey the different sectors of the economy and to put forward specific recommendations which could be translated by the Government into a concrete development plan for increasing production and raising the standard of living of the people.

THE ECONOMY OF LIBYA

STATISTICAL APPENDIX

Note: Except where otherwise stated all the figures in the following tables are taken from official Libyan sources. Statistics of overseas trade and payments (Tables 1-6 and 12) are now available for 1957, but copies of the relevant publications have not yet been received by the I.B.R.D.

Table 1. Libya's Balance of Payments  
(£L million)

<u>Current Account</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>
Exports and re-exports, f.o.b.	3.4	3.1	4.4	3.3	3.5	4.3	4.0		
Imports c.i.f.	7.0	11.8	11.6	11.4	11.7	15.6	17.5		
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Trade balance	-4.4	-8.7	-7.2	-8.1	-8.2	-11.3	-13.5		
Foreign military expenditures	+2.6	+4.1	+5.7	+6.2	+5.6	+6.2	+10.8		
Other services and private donations (net)	-0.4	-0.1	-0.6	-0.9	-2.9	-3.5	-7.0		
Official donations	+1.4	+1.5	+3.6	+3.3	+5.8	+10.2	+8.7		
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Current balance	-0.8	-3.2	+1.5	+0.5	+0.3	+1.6	-1.0		
<u>Errors and Omissions</u>	+0.3	+0.8	+0.2	-0.2	+1.1	+1.6	+5.1		
<u>Capital Account</u>									
Private capital receipts	+0.8	+2.0	+4.2	-0.1	+1.2	+0.6	+1.3		
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Surplus/deficit on above transactions <sup>a/</sup>	+0.4	-0.4	+6.0	+0.2	+2.6	+3.9	+5.5		
	-----	-----	-----	-----	-----	-----	-----	-----	-----

<sup>a/</sup> Represents net change in assets/liabilities of official and banking institutions (increase +)•



Table 4. Composition of Civil Imports

<u>Commodity</u>	<u>Value in fL '000 c.i.f.</u>					<u>Percentage of total civil imports</u>				
	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>
	Cereals	1,465	1,495	1,877			13	10	11	
Tea	1,048	1,248	865			9	9	5		
Fruit and vegetables	671	430	615			6	3	4		
Sugar and sweets	381	656	638			3	5	4		
Dairy products	215	208	235			2	1	1		
Wines, spirits, soft drinks	108	81	112			1	1	1		
Other food and drink	189	224	309			2	2	2		
<b>Total food and drink</b>	<b>4,077</b>	<b>4,342</b>	<b>4,651</b>			<b>37</b>	<b>31</b>	<b>28</b>		
Tobacco and cigarettes	102	151	85			1	1	1		
Vegetable oils	92	241	453			1	2	3		
Perfumes and soap	130	141	168			1	1	1		
Pharmaceuticals	202	230	259			2	2	2		
Textile yarns & fabrics	995	1,408	1,496			9	10	9		
Clothing	580	710	761			5	5	5		
Footwear	179	202	213			2	1	1		
<b>Total food, clothing etc. as above a/</b>	<b>6,357</b>	<b>7,425</b>	<b>8,086</b>			<b>57</b>	<b>53</b>	<b>49</b>		
Coal and coke	180	725	321			2	5	2		
Petroleum	596	710	757			5	5	5		
Machinery <sup>b/</sup>	946	1,123	1,690			8	8	10		
Transport equipment	832	1,027	1,265			7	7	8		
Base metals and mfrs.	549	861	1,101			5	6	7		
Building materials <sup>c/</sup>	259	606	844			2	4	5		
Fertilisers	136	134	228			1	1	1		
Other chemicals	189	203	280			2	1	2		
Rubber tires	114	142	156			1	1	1		
Other materials and mfrs.	1,175	1,382	1,873			10	10	11		
<b>Total imports</b>	<b>11,333</b>	<b>14,338</b>	<b>16,601</b>			<b>100</b>	<b>100</b>	<b>100</b>		

a/ Sub-total broadly represents value of imports of food and finished consumer goods, excluding durables.

b/ Including radio sets and household electrical appliances.

c/ Cement, bricks and tiles, timber, stone, natural asphalt, etc.

Table 5. Source of Civil Imports

<u>Country</u>	<u>Value in £L '000 c.i.f.</u>					<u>Percentage of total civil imports</u>				
	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>
Italy	3,730	3,833	4,968			34	27	30		
United Kingdom	2,478	3,594	3,662			22	25	22		
Germany	579	1,462	1,732			5	10	10		
France	305	801	996			3	6	6		
Egypt	468	845	986			4	6	6		
Holland	621	695	823			5	5	5		
Ceylon	736	766	663			7	5	4		
U.S.A.	256	244	599			2	2	4		
Others	2,160	2,098	2,172			19	15	13		
	11,333	14,338	16,601			100	100	100		

Table 6. Quantities of Selected Imports  
(metric tons)

<u>Foodstuffs</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>
Wheat meal and flour	17,770	35,242	46,003		
Rice	3,418	4,658	6,042		
Barley	3,050	3,210	3,397		
Wheat and other cereals	18,151	1,545	1,279		
	42,389	44,655	56,721		
Total cereals					
Tomatoes (preserved)	n.a.	930	2,125		
Apples	n.a.	1,086	1,012		
Potatoes	3,957	4,579	5,057		
Sugar	7,056	14,176	13,676		
Tea	2,137	2,491	2,062		
Vegetable oils	483	2,024	3,171		
<u>Building materials</u>					
Tar and asphalt	n.a.	4,206	5,649		
Stone	n.a.	2,129	2,286		
Cement	n.a.	n.a.	51,170		
Bricks, tiles, pipes, etc.	5,057	n.a.	18,174		
<u>Other materials and fuel</u>					
Coal and coke	26,116	75,371	33,672		
Iron and steel	2,267	n.a.	7,527		
Fertilisers (manufactured)	6,965	7,474	9,232		
<u>Vehicles (numbers)</u>					
Railway locomotives, wagons, etc.	n.a.	n.a.	10		
Passenger cars	960	986	981		
Motor cycles	n.a.	761	616		
Buses, trucks, lorries, etc.	191	371	398		
Bicycles	n.a.	6,245	7,271		

Table 7: Consolidated Balance Sheet of National Bank of Libya

Financial Years 1956/57 and 1957/58

(£L '000)

	Liabilities				Assets		Total
	Currency deposits	Govt. deposits	Customers' deposits	Capital reserves and other	Foreign assets	Other assets	
<u>1956</u>							
April	4,991	816	546	800	7,042	111	7,153
May	5,204	1,856	260	756	8,001	75	8,076
June	5,157	1,799	1,000	945	8,685	216	8,901
July	5,178	2,349	2,050	943	10,364	156	10,520
August	5,280	1,830	2,149	915	10,039	135	10,174
September	5,372	1,396	2,202	1,838	9,937	871	10,808
October	5,487	2,252	3,560	1,647	12,197	749	12,946
November	5,739	1,675	3,747	1,643	12,013	791	12,804
December	5,790	1,907	3,379	1,661	11,924	813	12,737
<u>1957</u>							
January	5,856	1,522	2,923	1,830	11,292	839	12,131
February	5,954	2,325	3,237	1,915	12,512	919	13,431
March	6,046	1,123	3,154	2,078	11,460	941	12,401
April	6,239	3,181	3,101	1,921	13,476	966	14,442
May	6,090	4,775	4,122	1,261	15,988	260	16,248
June	6,040	4,689	4,282	1,318	16,124	205	16,329
July	6,311	4,115	4,103	1,255	15,565	219	15,784
August	6,341	4,699	3,788	1,307	15,857	278	16,135
September	6,494	4,322	3,778	1,327	15,563	358	15,921
October	6,675	4,336	3,400	1,554	15,524	441	15,965
November	6,908	4,674	3,328	1,594	16,061	443	16,504
December	6,980	4,430	2,702	1,710	15,365	457	15,822
<u>1958</u>							
January	6,978	3,948	4,063	1,678	16,167	500	16,667
February	7,014	3,870	4,558	1,746	16,638	550	17,188
March	7,078	4,625	4,184	1,997	17,359	525	17,884

a/ Including paid-up capital of £L 700,000 provided from the funds of the Libyan-American Reconstruction Commission.

b/ Mainly British Government securities and deposits with British and American banks.

NOTE: The Tripoli office of the National Bank was opened for business on April 1, 1956. Subsequently additional offices have been opened at Sebha (in the Fezzan) and Benghazi.

Table 8. Currency in Circulation <sup>a/</sup>  
(£L '000 - end of period)

Fiscal years	<u>1952/53</u>	<u>1953/54</u>	<u>1954/55</u>	<u>1955/56</u>	<u>1956/57</u>	<u>1957/58</u>
	3,642	3,959	4,566	5,161	6,117	7,187

a/ Including currency held by National Bank.

Table 9. Commercial Banking Statistics <sup>a/</sup>  
(£L '000 - end of period)

	1956			1957				1958
	2nd	3rd	4th	1st	2nd	3rd	4th	1st
	<u>Qtr</u>							
Demand deposits <sup>b/</sup>	9,306	9,518	10,742	9,774	14,459	13,486	11,996	14,477
Time deposits <sup>b/</sup>	1,749	1,797	2,174	3,144	2,979	1,972	2,490	2,548
Advances and bills discounted	5,636	6,027	5,979	6,136	6,510	7,020	7,088	7,891

a/ Including National Bank of Libya, but excluding National Agricultural Bank.

b/ Including deposits of Federal and Provincial Governments.

Table 10. Cost of Living Index in Tripoli  
(January 1955=100)

		<u>Lowest Paid European Budget</u>	<u>Lowest Paid Libyan Budget</u>
June	1955	93	93
September		106	104
December		117	115
March	1956	116	111
June		116	112
September		118	116
December		105	106
March	1957	110	109
June		102	103
September		105	105
December		110	108
March	1958	122	118

Table 11. Government Revenue and Expenditure<sup>a/</sup>  
(£L '000)

<u>Revenue</u>	<u>1954/5</u> Actual	<u>1955/6</u> Actual	<u>1956/7</u> Revised Budget Estimates	<u>1957/8</u> Budget	<u>1958/9</u>	<u>1959/60</u>
Customs duties	2,455	3,381	3,083	3,893		
Monopolies, trading & excise duties	1,042	1,102	1,277	1,190		
Fees and miscellaneous duties	396	504	465	599		
<b>Total indirect taxes</b>	<b>3,893</b>	<b>4,987</b>	<b>4,825</b>	<b>5,682</b>		
Direct taxes	761	933	876	1,121		
Receipts from government enterprises <sup>b/</sup>	846	875	948	1,259		
Other revenue	241	408	374	320		
<b>Total domestic revenues</b>	<b>5,741</b>	<b>7,203</b>	<b>7,023</b>	<b>8,382</b>		
External assistance <sup>c/</sup>	2,873	2,750	3,000	3,500		
<b>Total revenue</b>	<b>8,614</b>	<b>9,953</b>	<b>10,023</b>	<b>11,998</b>		
<u>Expenditure</u>						
Government and administration	1,850	2,321	2,458	2,744		
Law and order	1,429	1,604	2,002	2,130		
Defence	313	352	478	709		
Social services <sup>d/</sup>	2,128	2,208	2,893	3,369		
Economic services <sup>d/</sup>	2,449	2,986	2,656	3,046		
<b>Total expenditure</b>	<b>8,169</b>	<b>9,471</b>	<b>10,487</b>	<b>11,998</b>		
<u>Surplus or deficit</u>	<b>+445</b>	<b>+482</b>	<b>-464</b>	<b>-</b>		

<sup>a/</sup> Consolidated Budgets of the Federal and Provincial Governments, excluding the revenues and expenditures of the "Exceptional Budget", the Libyan Public Development and Stabilisation Agency and the Libyan-American Reconstruction Commission, which between them account for most of the expenditure on economic development.

<sup>b/</sup> Mainly P.T.T. and transport.

<sup>c/</sup> Budgetary grants in aid from the United Kingdom (also grant of £L 123,000 from France in 1954/55).

<sup>d/</sup> Mainly communications, public works, agriculture, animal husbandry and forestry.

Table 12. Receipts of Foreign Aid  
(£L '000)

	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>
Budgetary grants - France ) U.K. )	2,228	1,921	2,914	( 40 (2,750	- 2,750		
Grants to L.P.D.S.A. - U.K. ) France ) Turkey ) Egypt )	440	724	1,120	(1,000 ( 35 ( - ( 10	1,000 10 10 -		
Grant of grain by U.K.	250	-	-	-	-		
Relief and cash grants by U.S.A.) U.S. technical assistance )	641	501	1,523	(4,173 (1,972	2,352 2,272		
U.N. technical assistance	-	170	193	225	294		
<b>Total official donations</b> (as in Table 1)	<b>3,559</b>	<b>3,316</b>	<b>5,750</b>	<b>10,205</b>	<b>8,688</b>		

Table 13. Contributions to Development Funds  
(£L '000)

	<u>1952/3</u>	<u>1953/4</u>	<u>1954/5</u>	<u>1955/6</u>	<u>1956/7</u>	<u>1957/8</u>	<u>6-Year</u> <u>Total</u>
L.P.D.S.A. <u>a/</u>	358	850	833	761	1,022	746	4,570
L.A.R.C. <u>b/</u>	-	-	357	3,929	3,214	7,196	14,696
Exceptional Budget <u>c/</u>	-	-	-	1,175	550	950	2,675
<b>Total</b>	<b>358</b>	<b>850</b>	<b>1,190</b>	<b>5,865</b>	<b>4,786</b>	<b>8,892</b>	<b>21,941</b>

a/ This item differs from the total of grants to the L.P.D.S.A. shown in Table 12 because (i) only about three-quarters of these grants are available for development (the remainder being set aside in a Stabilisation Fund or used to cover management expenses), (ii) the L.P.D.S.A. derives occasional funds from other foreign sources (e.g. the U.S. Air Force) and (iii) contributions are shown here on a fiscal year, not a calendar year basis.

b/ The L.A.R.C. derives all its income from American sources.

c/ The "Exceptional Budget" started in 1955 with an initial allocation of funds from British and Libyan sources, and supplementary allocations were made in 1956/7 and 1957/8.

Table 11. Expenditures of Development Agencies<sup>a/</sup>  
(£L '000)

	<u>1952/3</u>	<u>1953/4</u>	<u>1954/5</u>	<u>1955/6</u>	<u>1956/7</u>	<u>1957/8</u>	<u>1958/9</u>
Agriculture, forestry and fisheries	4	49	118	380	591		
Water development	39	31	119	244	767		
Public utilities	51	175	90	920	1,362		
Transport	37	144	196	321	1,041		
Communications	-	-	-	18	124		
Education	12	48	69	121	144		
Health	-	-	21	211	536		
Banks <sup>b/</sup>	-	-	-	1,200	500		
Miscellaneous	8	1	21	64	363		
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Total	151	448	634	3,479	5,428		
of which:							
L.P.D.S.A.	151	448	634	955	849		
L.R.A.C.	-	-	-	2,475	3,983		
Exceptional Budget	-	-	-	49	596		

<sup>a/</sup> Represents "transfers" of funds for development purposes by the Libyan Public Development and Stabilisation Agency, the Libyan-American Reconstruction Commission and the Exceptional Budget. These transfers sometimes take place before, and sometimes after, the expenditure is incurred and are therefore only a rough guide to the progress of actual expenditures. At the end of 1956/57 only about three-quarters of the contributions received by the development agencies had been "transferred".

<sup>b/</sup> Capital provided for the National Bank of Libya (£L 700,000 in 1955/56) and the National Agricultural Bank (£L 500,000 in 1955/56 and £L 500,000 in 1956/7).

Table 15. Agricultural Production in Tripolitania  
(metric tons)

	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>
Principal crops								
Barley	53,700	74,650	11,572	30,000	30,000	84,000		
Wheat	6,200	7,324	1,317	2,700	3,250	22,710		
Dates	33,300	30,200	35,000	25,000	20,000	24,000		
Olives	50,000	10,000	60,000	40,000	27,000	18,500		
Peanuts	1,200	4,620	5,000	6,500	8,000	10,000		
Oranges	4,100	1,600	3,000	3,500	4,000	5,000		
Tangerines	1,030	110	500	400	300	500		
Lemons	700	320	300	600	1,000	1,000		
Almonds	2,000	2,500	2,500	3,410	3,500	2,500		

Table 16. Estimated Annual Range of Libyan Livestock, 1950-56

<u>Livestock</u>	<u>Minimum numbers</u>	<u>Maximum numbers</u>
Edible animals:		
Goats	300,000	1,236,000
Sheep	667,000	1,232,000
Cattle	50,000	96,000
Pigs	2,000	3,000
Burden animals		
Camels	93,500	197,000
Horses	36,500	47,000
Donkeys	21,000	43,000
Mules	2,000	5,000

Source: Compiled by the U.S. Embassy from United States, United Kingdom, United Nations, and Libyan Government publications.

Table 17. Libyan Industries by Size and Number of Employees, 1956

	Total establishments	Number of Employees						Total number of employees
		<u>1</u>	<u>2-4</u>	<u>5-9</u>	<u>10-99</u>	<u>100-999</u>	<u>a/ 1,000 &amp; over</u>	
Total, all industries	13,690	8,237	4,098	682	151	59	6	67,704
Agriculture and fishing	14	5	7	-	-	-	-	80
Petroleum prospecting and quarrying	17	-	1	1	4	1	-	703
Manufacturing and repairing	3,121	1,285	1,456	236	24	11	1	14,504
Construction	89	8	15	16	17	8	-	2,751
Public utilities	17	-	4	2	6	5	-	1,118
Commerce	8,053	6,131	1,733	126	9	3	-	12,986
Transportation	231	112	55	26	12	9	1	4,009
Services	4,148	696	827	275	79	22	4	31,553

a/ The Libyan Government and the British and American Armed Forces in Libya account for the 6 establishments employing more than 1,000 employees.

Table 18. Shipping Statistics

A. Port of Tripoli

Year	No. of commercial ships	No. of foreign naval ships	Total net registered tonnage	Imports (in metric tons)		
				Commercial	Petroleum	Commercial exports
1952	608	58	1,033,471	129,560	71,706	74,689
1953	642	53	1,070,682	155,703	99,242	57,697
1954	694	86	1,296,695	158,901	154,763	75,286
1955	786	65	1,268,949	223,153	163,106	77,867
1956	807	83	1,326,182	253,342	165,227	74,898

B. Ports of Cyrenaica

Year	No. of ships	Gross tonnage (metric tons)	Imports (metric tons)			Exports		
			Commer- cial	Petro- leum	Water	Commercial (metric tons)	No. of cattle	No. of sheep
1953	496	561,240	41,656	20,419	5,964	56,490	3,913	16,709
1954	509	515,337	50,376	25,836	6,228	24,689	2,081	86,230
1955	476	575,725	63,431	26,684	5,428	25,530	7,312	18,952
1956	483	605,121	94,951	31,849	8,651	23,817	8,269	23,313

a/ Benghazi accounted for about 70% of all commerce, Tobruk for about 25% and Derna for 5%

