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EB/CQuota/Libya/57/1

Room H W 617

(1)

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May 28, 1957

To: Members of the Committee on Membership - Libya
From: The Secretary
Subject: Calculation of the Quota for the United Kingdom of Libya

The attached memorandum has been prepared for the Committee's consideration at a meeting to be scheduled in the near future.

Att:(1)

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INTERNATIONAL MONETARY FUND

Calculation of the Quota for the United Kingdom of Libya

Prepared by the Middle Eastern Department

Approved by John W. Gunter

May 27, 1957

The Government of the United Kingdom of Libya has applied for membership in the Fund and the Bank (EBD/57/21, February 12, 1957). A tentative computation of the quota for the United Kingdom of Libya is made below.

The main problem in computing a quota for Libya is the difficulty in using the quota formula due to the unavailability of appropriate information for the periods called for in the quota formula. Estimates of trade and national income for the late 1930's or the 1940's are either not available or they are subject to very considerable margins of error. More reliable information on the Libyan economy is available for recent periods. A tentative quota for Libya may be computed on the basis of the quota formula by using national income estimates for 1953 and trade data for the periods 1950 to 1954^{1/}. Such a computation is made below and suggests a quota of about \$5 million.

	US\$ millions	Per cent	US\$ millions
National income (1953)	75.00	2	1.500
Gold and U.S. dollars	n.a.	-	n.a.
Average annual imports (1950-54)	28.6	10	2.860
Maximum variation in exports (1950-54)	3.5	10	<u>0.350</u>
			4.710
Total multiplied by the ratio of average annual exports to national income	$\frac{4.710 \times 11.30}{75}$		<u>0.710</u>
Total			5.420
Quota			4.878

^{1/} Sources: For income data: Massachusetts Institute of Technology, Center for International Studies, Estimate of World Income; for trade data: United Nations, Statistical Yearbook, 1955.

It is clear that, if estimates were made for the periods called for in the quota formula, a lower result would be obtained. Since, however, Libya's quota falls in the lowest range of quotas (i.e., those up to \$5 million), it has, in view of the attendant difficulties, not been considered necessary to make readjustments for prices and other factors to arrive at a more precise result in terms of the strict application of the quota formula. In view of the Executive Board's policy with respect to increases in small quotas, a quota in the range of \$5-\$7.5 million would be appropriate for Libya.

Libya - Economic Indicators

Area: 1,759,540 (square kilometres)
 Population: 1.5 million (1953)
 National income: US\$75 million (1953)

The Libyan pound (LE) is at par with pound sterling; Libya is a member of the sterling area.

Banking

	(US\$ millions)	
	<u>December 1955</u>	<u>December 1956</u>
Currency in circulation	13.9	16.6
Private deposits	19.4	30.8
Private credit	9.5	11.6

	<u>December 1953</u>	<u>December 1954</u>
<u>Cost of Living Index</u> (Dec. 1942=100)		
Europeans	197	152
Urban Arabs	175	174

	(US\$ millions, estimates)	
	<u>1954/55</u>	<u>1955/56</u>
<u>Public Finance</u> (year ending March 31)		
National Budget		
Revenue	9.7	9.4
Expenditure	17.4	27.5
Provincial Budgets		
Revenue	8.8	9.5
Expenditure	18.2	18.9

Planned capital expenditures outside the ordinary budgets for 1953/54 and 1954/55 totaled US\$18.5 million; actual expenditures totaled US\$7 million. Planned capital expenditures for 1955/56 amount to US\$14.1 million. The excess of expenditures over revenues in government financial operations is financed by foreign assistance.

Foreign Sector

	(US\$ millions)			
	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>
Exports	13	10	11	12
Imports	32	31	32	40
Net invisible income and official economic aid	24	24	20	35
Balance of payments surplus	4	1	1	8
	<u>March 1954</u>	<u>March 1955</u>	<u>March 1956</u>	<u>March 1957</u>
Assets in U.S. dollars ^{1/}	11.3	12.7	14.6	14.2
Assets in sterling ^{1/}	-	-	-	2.9

^{1/} Holdings of the Libyan Currency Commission and the Issue Department of the National Bank.