

proceeds of the sale of Libyan crude would be deposited by Agip in an account at the Banca Nazionale del Lavoro, to then be paid out to a list of creditors established by the Bank of Italy, has never been respected.

The incredible thing is that despite the Libyan missiles lobbed last April against the Italian island of Lampedusa, Minister Andreotti is even reviving military visits. In mid-July, a Libyan military mission visited the offices of Oto Melara, a munitions manufacturer in La Spezia, to discuss new sales. This was *after* the investigating magistrate of Venice, Carlo Mastelloni, had issued subpoenas to ranking diplomats such as Ambassador to Paris Walter Gardini, ex-Ambassador to Teheran Luigi Cottafavi, Ambassador to London Bruno Bottai, and the present chief of political affairs of the Foreign Office, Boris Bianchieri. One hypothesis making the rounds about these subpoenas says that officials are reluctant to talk about a shipment of Italian arms that ended up in Lebanon a while ago, and then reappeared in Italy via the PLO and Red Brigades leader Mario Moretti.

This highlights the testimony secret service Captain De Feo gave in January 1985 before the Commission of Inquiry into the outlawed P-2 lodge. De Feo stressed that the military reinforcement of Libya, in which Italy was playing a major role, had a destabilizing effect on the whole Mediterranean. He added that he was sure that weapons sent under various pretexts to the Middle East all came back to Italy through the channels of common and political criminality. This testimony once again confirms the danger for Italy of selling arms to Soviet puppets.

Dodging trade sanctions

Moreover, while the U.S. government was asking for trade sanctions, above all concerning crude oil, Italy increased its own imports from Libya by 25%, to the point of buying one-third of Tripoli's production. The major Italian creditor industries which had agreed to be paid in oil, such as Oto Melara, Cogefar, Italmipianti, Lodigiani, Techint, and Technimont, acted in practice as commercial agents of Tripoli, placing stocks of Libyan oil abroad. Because the Libyan crude was turned into a refined *Italian* product, no embargo could be applied.

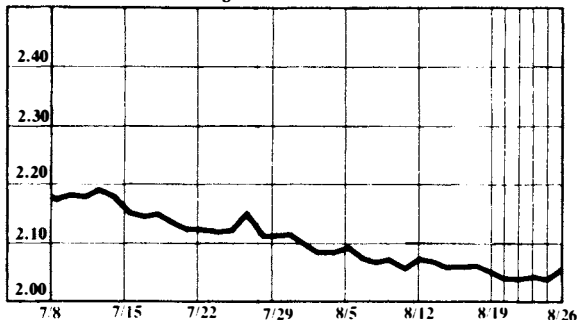
The preventive attachment ordered by the Milanese judge may have interesting international effects, given that it could reopen the discussion of American oil companies still operating in Libya.

Still open is the question of the 15% of the shares of Fiat in Qaddafi's hands. Lafico, the Libyan finance company which holds the stock packet, has repeated that it is not interested in selling. Even if Fiat tycoon Agnelli were again to don pro-Western garb, after the State Department lent him a hand in re-opening relations with the Pentagon, many still remember that the first official meeting between Agnelli and Qaddafi, after the Fiat shares were sold to Libya, took place in the Kremlin on Dec. 9, 1976.

Currency Rates

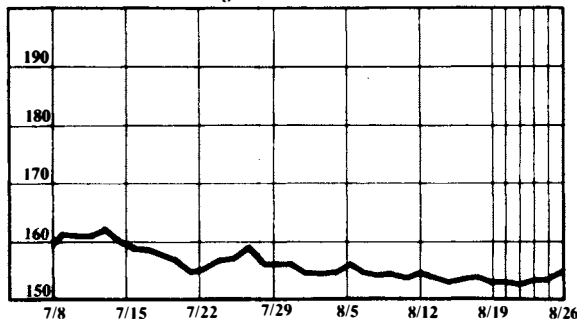
The dollar in deutschmarks

New York late afternoon fixing



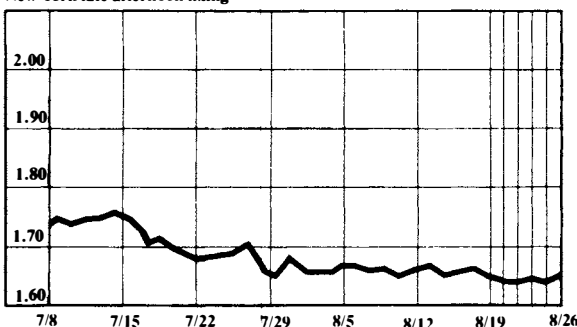
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing

