

Libyan assets to be unfrozen, including £1bn worth of dinar banknotes

British diplomats seek to unblock £12bn worth of assets held in UK, including notes printed for Gaddafi regime

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Libyan assets of £61.4bn could be freed up if the UN recognises Mahmoud Jibril (above) and the national transitional council as Libya's government. Photograph: Esam Omran Al-Fetori/Reuters

British diplomats are seeking the release of around £1bn worth of Libyan dinars which were printed in the UK but blocked from leaving the country in March.

The banknotes were printed by British currency printer De La Rue for delivery to the Gaddafi regime but were not delivered after the UN froze [Libya's](#) assets.

The UK also wants to unblock some of the £12bn worth of assets which Libya held in the UK, which includes the banknotes printed by De La Rue.

A spokesman from the Foreign Office said: "All assets frozen within the UK under the Libyan asset freezing regime remain frozen. We have always been clear that when appropriate the frozen assets should be returned for the benefit of the Libyan people.

"The UK is exploring with international partners options for release of assets in order to assist the National Transitional Council.

"At the UN, we are taking early action in the security council to give the new Libya authorities the legal, diplomatic, political and financial support they need."

It said the banknotes – which total 1.85bn dinars under the current exchange rate – were "needed to meet an urgent humanitarian need, to instil confidence in the banking sector, to pay salaries of key public sector workers (doctors, nurses, teachers, police) and free up liquidity in the economy."

The move comes as the international development secretary, Andrew Mitchell, will announce today that Britain as well as providing urgent humanitarian support will also provide medical support and food supplies for Libyans affected by the conflict.

Amid fears of an escalating humanitarian crisis, assistance will be provided by the International Committee of the Red Cross (ICRC) with support from the Department for International Development.

Surgical teams and medicines will be laid on to help up to 5,000 wounded, as well as food and household essentials for almost 690,000.

The support will also include helping families reunite after being broken up by the conflict.

The bid to unfreeze Libyan assets comes as the UN agreed to unblock \$1.5bn (£916m) in Libyan funds on Thursday, although this was under a special exemption.

The real prize for the rebels' National Transitional Council (NTC) is likely to come next week when its backers, namely the US, the UK and France, plan to push through a UN security council resolution to recognise the new government, effectively opening up around \$100bn in frozen Libyan state assets being held around the world.

Mahmoud Jibril, chair of the NTC, said it needed around \$5bn in frozen assets to pay salaries for those in the civil service, army and the police force, as well as funding for basic services.

Of the \$1.5bn released on Thursday, around \$500,000 will be used to pay foreign oil companies for immediate fuel deliveries to power energy and water pumping stations, which have stalled.

The release of the money is a significant diplomatic victory for the NTC, after Jibril and the NTC's backers appealed to the UN security council committee to open up funds in a bid to avoid chaos following the conflict.

Stabilisation plans drawn up by the NTC with the help of US, British, Canadian and UN experts, and seen by the Guardian, showed that the unblocking of funds and the repair of oil industry infrastructure are priorities for the new government, which needs cash to restart the economy and fund its activities.

It said the cash would be used "to maintain current social services, but also to attract the right Libyan expertise from abroad".

If agreed by the UN, the £1bn in Libyan dinars could be shipped to Libya as early as next week.

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