Doing Business in Libya: 2008 Country Commercial Guide for U.S. Companies

4/1/2008

Return to table of contents

Chapter 1: Doing Business In Libya

Market Overview Return to top

- Doing business in emerging markets is fraught with challenges and Libya is no exception. There are many obstacles and pitfalls to doing business in Libya including extremely restrictive visa policies for U.S. citizens to travel to Libya, arbitrary regulatory changes that may affect market access at short notice, lack of transparency in government decision making, and clash of business culture.

- A slowly accelerating economic reform process is taking hold, producing some modest changes in the banking system, small and medium business development, and access to foreign imports.

- Although reform measures have produced some modest improvements in the business environment and investment climate, substantial challenges remain for foreign investors and Libyan entrepreneurs.

- The reform process has led to a great deal of confusion, particularly among foreign investors, as shifting regulations and procedures and a weak regulatory environment have not inspired confidence in the market.

- Libya's economy remains highly centralized and dominated by the energy sector, despite some tentative steps toward the privatization of state companies and the thinning of government bureaucracy.

- Unemployment stands at a minimum of 30 percent, and is a major driver behind government policies toward foreign investment across all sectors.

- The boost in oil prices and modest government spending have produced a surplus of revenue which is being utilized to address Libya's myriad infrastructure development needs.

- In short, Libya is a highly challenging market in a period of transition, and while there are potentially rich trade and investment opportunities, there are correspondingly great challenges to successfully operating in Libya.

Market Challenges Return to top

- Lack of adequate information on Libyan companies
- Lack of transparency across the board
- Opaque regulatory environment
- Uneven application of regulations
- Underdeveloped banking system
- Scarce information on tenders and non-transparent tendering process
- Lack of independent judiciary
- Limited domestic purchasing power
- Corruption
- Lack of skilled and educated labor
- Poor access to capital
- Difficulty in obtaining visas for U.S. citizens
- Lengthy bureaucratic processes
- Difficulty finding local partners

Market Opportunities Return to top

- Oil and Gas Services
- Refining
- Transport
- Construction
- Engineering and Architectural services
- Electricity generation
- Information Technology
- Education and training
- Manufacturing
- Tourism
- Consulting
- Medical Technology and Training
- Desalination and Water Treatment
- Agriculture

Market Entry Strategy Return to top

- Relationships are key: Many ventures fail because U.S. counterparts attempted to run a project remotely, and/or with limited resources. If you are serious about the market, seriously consider assigning someone here permanently. In general, Libyans want to see U.S. companies and products return to the country, and want U.S. citizens to return as well. Corollary: Libyans may be offended if you choose to assign someone as GM or local representative who is not a U.S. citizen.

- Start small, think long-term: Relationships take time to build, especially if your product has no prior brand-name recognition in Libya. Think about partnering with another foreign firm with a more established local presence, or entering into small-scale agreements to test the market. Lower, sustained investment of personnel and time tends to be more effective at generating business in Libya, than larger sums and dramatic expressions of interest, managed from a distance.

- Gain a thorough knowledge of local business laws and requirements before making sales commitments: Foreign investment laws offer substantial incentives, but their application can be unclear or uneven. Customs procedures can be cumbersome, and payments for services/products rendered are often subject to delays. The Embassy typically recommends that those seriously investigating the Libyan market speak with an experienced local lawyer and a shipping company, as applicable.

- Partnerships: Recent changes to Libyan law require joint ventures for investments in major sectors of the economy. Choosing the right Libyan partner is essential, and requires careful vetting.

- Give forethought to method and timing of payments: While Libyan firms are becoming more timely and reliable with payment, one should not take it as given that payment will be made. Lump sum payments are notoriously difficult to amend.

- Training and Tech Transfer are key: Government bodies (tender-issuers, most likely) are seeking means to re-tool and re-assign workers. Integrating well-considered training plans for Libyan employees into bids is likely to generate good will and increase the appeal of submitted bids.

- The payment terms set in an export sales contract are critical to getting paid. It is recommended that confirmed and irrevocable Letter of Credit be used when conducting business with Libya.

- Think carefully about your target market: Libya constitutes a reasonably limited market; that said, the country has potential to be a base for regional operations. Carefully consider market sizing and sales projections.

Return to table of contents

Return to table of contents

Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

http://www.state.gov/r/pa/ei/bgn/5425.htm

Return to table of contents

Return to table of contents

Chapter 3: Selling U.S. Products and Services

Using an Agent or Distributor

Return to top

There are means of operating in Libya that do not involve local incorporation. These include "agencies" and "umbrella activity." Agencies are simply distributorship agreements, signed with a local firm or registered agent. Many import commodities are covered by a mandatory agency requirement. The primary decrees relevant to agents are GPC Decree #6 of 2004 and #83 of 2003.

A second option is to enter the market under the umbrella of a foreign firm (in this case, the foreign firm effectively performs an agency function). Many U.S. businessmen find the "agency" route somewhat unsettling, for the fact that the individuals serving as agents often have little relevant technical or legal experience, or even deep knowledge of the local market. Operating under the umbrella of another foreign firm makes establishing an independent name in the market difficult. Certainly, the quickest way to enter the market is to do so under the auspices of an established foreign partner.

Law No. 6 of 2004 mandates that foreigners wishing to sell directly to the Libyan market employ the services of a local agent. This law has since been softened; an annex to GPC for Economy and Trade Decision No. 190 of 2005 requires agencies for the seven product groupings listed below. Other commodity classes will reportedly be added to this list on a rolling basis (despite the fact that mandated agency runs counter to World Trade Organization (WTO) provisions, and Libya is in the process of preparing its application for accession to that organization). Agencies are reputedly exclusive, but exceptions are made for distinct geographic regions and brand segmentation (i.e., two agents, one for Benghazi, one for Tripoli; different agents for different product lines manufactured by a single company).

In accordance with Law No. 6, the following product classes currently <u>require</u> a local agent:

1.) Passenger vehicles
2.) Motorcycles
3.) Copying machines
4.) Ovens, refrigerators, washers & dryers, other major household appliances
5.) Televisions, faxes, and computers
6.) Road making and paving equipment
7.) Heavy agricultural equipment (including pumps)

In April, 2006 the Libyan General People's Committee (GPC) issued Decision No. 83 of 2006, amending law No. 6 of 2004 regarding agencies and commercial activities. The new legislation requires Libyan agencies in the form of joint-stock companies or tasharukiyyat (profit-sharing collectives) to open 40 percent of total shares to public control. The ruling proscribes individual agencies from representing products of more than one manufacturer in the following categories: heavy machinery and tools, agricultural equipments, road building and medical equipment.

Decision No. 83 also limits to three the number of foreign agency contracts a single company may hold, from within a list of 15 product categories, listed below. Many local businessmen see the new decision as an effort to contain the influence of newly-emerging private enterprises, most of which rely in some form on the import of electronics, consumer goods and heavy machinery, all areas specifically mentioned in the latest legislation.

1. Office supply materials
2. Household electrical appliances
3. Non-Household electrical appliances
4. Electronic Equipment, Various
5. Special equipment and tools for workshops
6. Wood for industrial uses
7. Light agricultural materials
8. Agricultural accessories
9. Medications and medical products, excepting sera imported through the general supply company.
10. Cleaning and beauty supplies
11. Baby care products
12. Photo equipment and accessories
13. Yachts, boats and fishing trawlers of all kinds
14. Fishing tools and materials
15. Baking supplies

<u>Notes on Agencies</u>:

Libyan nationals no longer need import licenses to act as agents for foreign firms.

Before entering into a contractual arrangement, it is advisable to verify that the foreign investor has the right to import all machinery, equipment and other requirements for building a project and also to import all primary materials and other requirement which are not available in the Libyan market. In the past, foreigners (non-Libyans) have offered their services as agents and trademark registrars. Non-Libyans do not have this right, and any documentation produced by such individuals holds no legal weight.

Other Required Permissions and Fees:

Once an affirmative response is obtained from the registration authorities, a foreign company must sign the relevant municipality (shaabiyya) commercial register. Documentation used to satisfy national branch registration requirements should be sufficient for local registration. A foreign company or branch must also register with the Libyan Chamber of Commerce. Required documents (again original, certified, and in Arabic as stipulated above) include: memorandum and articles of incorporation, power of attorney or a letter of authority of the branch manager and proof of registration with the Libyan Secretariat of Economy and Trade and relevant municipality. Foreign service companies operating in the oil sector must also register with the National Oil Corporation (NOC), an action that results in the company's placement on the NOC's list of approved contractors. Again, a company that obtains branch registration should be able to fulfill requirements for registration with NOC.

Establishing an Office Return to top

Types of Legal Entities Governing Economic (Commercial) Activity:

There is considerable confusion regarding the requirements for establishing a legal commercial presence in Libya. **Companies are encouraged to obtain local legal counsel to determine applicability of all relevant GPC decisions to their operations.** Companies have five main options, each of which have certain advantages and restrictions:

1.) Representative Office
2.) Branch Office
3.) Establish a Joint Venture/Joint Stock Company with a local firm
4.) Enter Libya under the provisions of Investment Law No. 5 of 1997 (See also Chapter 6, "Openness to Foreign Investment)
5.) Agency (Covered in previous section)

It is important to understand that, contrary to the practice in the United States, foreign companies seeking to register a commercial entity need *permission* from the relevant authorities to do so. There are areas of activity for which the Ministry of Economy and Trade will not grant permission, for example, "general trade" or "fish processing" (though the latter might well be accepted under proposals submitted under Investment Law No. 5, see below). Joint Venture holding companies are permitted under Libyan law. The establishment of Joint Ventures (Joint Stock Companies) is governed by Law No. 65 of 1970, as amended by Law No. 21 of 2000. The establishment of Branch Offices also covered by Law No. 65, as well as the original commercial code of 1953. In the construction/contracting field, as well as other longer-term activities, formation of a Joint Venture or Branch Office is virtually a requirement for operating in Libya. Furthermore, Libyan agencies almost universally give preference to the qualified local bidder for such contracts.

Important Note on GPC Decision #443 of 2006: This decision, although unclear in its application, marked a new government initiative to favor the establishment of joint business ventures in Libya. All foreign companies seeking to do business in Libya after 14 November 2006 (companies present and operating in Libya before 14 November 2006 and projects specifically approved by the GPC to operate otherwise) are required to enter as joint ventures with a Libyan entity. Foreign ownership in these joint venture companies can be up to 65%. This GPC decision does not apply to companies coming into Libya under the terms of Law #5 of 1997, representative offices and companies entering under Law #7 of 2004. Application of this law was still unclear at time of writing; particularly as it pertains to the opening of branch offices in Libya. Law 443 remains controversial, particularly as several major foreign firms have thus far resisted government efforts to force compliance.

Entering As a Representative Office provides a legal presence in Libya with a 50,000 LD minimum investment requirement for entry. However, representative offices cannot legally conduct many basic business activities, including the right to market and sell goods or conclude contracts. This is the simplest way to enter the market in terms of required bureaucratic processing and investment, and may be suitable for companies seeking to establish a legal presence and begin testing the marketplace while in the process of establishing a more substantial presence. (Relevant Laws/Decrees: GPC Decree #8 of 2005)

Entering as a Branch Office requires the participation of a Libyan partner company or individual, and is technically open in all fields of business. U.S. companies seeking to register branch offices have typically been dogged by a maze of bureaucratic procedures. Due to a 2006 GPC decree (#443, see below) the branch manager or deputy manager must be a Libyan national, and the office must be either a joint stock or limited liability company. It is a virtual necessity for U.S. companies to engage a local attorney and/or accounting firm to help with the registration process (and all other matters related to setting up a Libyan branch or partnership). Companies seeking to register a Branch Office are advised that the sum of associated legal fees should typically not exceed 20,000 LD. Required documentation/procedures include:

- 25,000 Euro registration fee.
- A completed application Form No. 7, including name and address of the branch in Libya, activities, and branch capital.
- An original, an authenticated copy of the Company's Articles of Association.
- A statement detailing past experience in the field of activity proposed to be undertaken in Libya, including details of contract value, place and time, and attestations from the applicable Chamber of Commerce and clients that work was performed in accordance with terms of contract.
- A receipt indicating transfer of 150,000 LD into the company's local bank account (Note: There is apparently no requirement of subsequent minimum balance, i.e., one may draw down the initial deposit to support operating expenses).
- A certificate issued by the Chamber of Commerce/Secretary of State in the country of origin confirming the company's registration number and date of registration.
- A board resolution containing:
    - The decision to establish a branch in Libya

  - A statement of the objects of the branch in Libya
  - Name, surname and nationality of the designated Branch Manager.
  - Commitment to prepare an annual balance sheet and profit and loss account.
  - A statement of "non interference" in the political affairs of the host country.

(Relevant Laws/Decrees: GPC Decree #3 of 2005, GPC Decree #223 of 2006)

Entering as a Joint Venture/Joint Stock Company allows for participation in "all economic activities," including import/export, construction, banking and tourism enterprises (although other restrictions may apply for undertaking these activities freely). Establishing a joint stock company requires a minimum of 1 million LD capital investment. Libyan ownership in Joint Stock Companies must be at minimum 51%; the majority of the company's board of directors, as well as its director, must be Libyan nationals. Required documentation/procedures include:

- Memorandum of Incorporation
- Board Resolutions
- Articles of Incorporation
- Certificate of Deposit from Libyan Bank confirming the receipt in transferable currency of not less than 3/10 of subscribed capital of the company, including share of foreign partner

(Relevant GPC decisions: GPC decrees #s 1, 171 and 443 of 2006)

Entering Libya Under the Terms of Law No. 5 of 1997 (Encouragement of Foreign Investment) approval by the Libyan Foreign Investment Board (See Chapter 6, "Openness to Foreign Investment"). Law No. 5 allows for 100% foreign equity ownership of companies licensed under the law. It provides for various preferences for licensed projects such as an exemption from corporate income tax for 5 years with a possible extension of 3 years provided net profits are reinvested in the project. It provides exemptions from some customs duties and excise taxes on exported goods, and allow for foreign ownership of land. Investors are also afforded some protection against expropriation and permitted access to arbitration. In 2006 the GPC lowered the floor on foreign capital investment qualifying for entry under Law #5 to 5 million LD (2 million LD if with a Libyan partner) from its previous level of 50 million USD (GPC Decree # 86 of 2006).

Franchising Return to top

Franchising is not currently allowable under Libyan law, although GOL authorities have expressed optimism that this situation might change in 2007.

Joint Ventures/Licensing Return to top

(See "Establishing an Office," above)

Selling to the Government Return to top

The Libyan economy is still dominated by the public sector, so the potential for government sales is strong. The lifting of UN and US sanctions, Libya's removal from the State Sponsors of Terrorism List, the modification of U.S. Treasury and Commerce Department rules relevant to Libya and the modification of the International Trafficking in Arms Regulations (ITAR) have opened the way for additional opportunities.

U.S. Department of Commerce, Bureau of Industry and Security:
http://www.bis.doc.gov/PoliciesAndRegulations/regionalconsiderations.htm

U.S. Treasury, Office of Foreign Assets Control:
http://www.treas.gov/offices/enforcement/ofac/programs/libya/libya_arch.shtml

U.S. State Department, Office of Defense Trade Controls:
http://www.pmddtc.state.gov/defense_trade_libya.htm

Distribution and Sales Channels Return to top

In the past, the Libyan government controlled all imports, exports and pricing of these commodities. Libya's distribution system now features a small number of privately-owned consolidated distribution centers. These centers are utilized by a diversified network of wholesale distributors which possess the connections to retail establishments. In general, retailers do not access these distribution centers directly, but instead rely on the wholesaler network. Larger U.S. businesses have sought to establish more direct distribution networks in Libya with mixed success. NASCO, the government importation body, now only imports a small number of cereals and other agricultural products, and has exclusive rights to do so.

Selling Factors/Techniques Return to top

Price is an extremely important selling factor in Libya, as decades of subsidies and cheap imports have made the Libyan consumer very sensitive to price. The inclusion of training, education and after-sales support is of growing importance in the Libyan market, and is a component of many successful contract proposals.

Electronic Commerce Return to top

Electronic commerce is very limited in Libya at the present time. The Secretariat of Economy, Trade and Investment issued Decision #642 of 2006 to establish a committee to study current Libyan commercial legislation and to make suggestions regarding the requirements of e-commerce, but there have been no apparent results.

Trade Promotion and Advertising Return to top

The advertising industry in Libya is in its infancy; most marketing is done through word of mouth, and/or on the basis of personal and/or corporate reputation. American companies—especially those with a pre-1980 presence in-country—will find they have an immediate advantage over "unknowns", as Libyan consumers as a group have long memories and U.S. products are assumed to be high-quality. A de facto ban was in effect until 2004 on the public display of product logos that a.) are written in a language other than English or b.) express an "untranslatable" concept. Several firms have lost considerable sums in campaigns that the municipalities or their agents have ruled illegal. This "ban" has been alternated lifted and relaxed since that time, with prominent billboards appearing in Tripoli for products such as Tang and Philadelphia Cream Cheese and then being taken down. This regulation appears to be enforced unevenly across Libya, as Benghazi's streets feature more large billboard-sized advertisements than the capital.

Foreign companies may advertise in one of several State-run newspapers. Satellite television is pervasive. Several new advertising agencies have appeared in recent years. Companies may also advertise on Libyan websites.

Tripoli has hosted an increasing number of trade exhibitions and conferences of varying quality in recent years. Some of these events, including the 2006 Project Libya – Energy Libya event and the 2007 Tripoli International Fair, have been certified by the U.S. Department of Commerce. See Chapter 9 for a listing of upcoming events, as well as the links below for exhibitors that have organized recent events in Tripoli.

Tripoli International Fairgrounds: http://www.tripolifair.org/English/main.htm

General Board of Fairs: www.gbf.com.ly

ATEX Exhibitions: http://www.africantigers.com/

Waha Expo: http://www.wahaexpo.com/exhibitions.htm

IBC Exhibitions: www.ibcgulfconferences.com

Montgomery Libya: http://www.montex.co.uk/index2.php

Pricing and Taxation Return to top

Income Tax Law No. 11 of 2004 increased personal tax exemption bands over those specified in Law No. 64 of 1973. A series of three GPC Secretariat resolutions (numbers 394-6) issued in early October 2006 called on Libyan citizens to openly declare their tax obligations and for the establishment of a high-level review of the tax declarations of senior-level government and private-sector officials. There were also several major speeches by the Libyan leadership in 2007 that called for action on this issue.

Personal Income Tax (Foreign Nationals):

Foreigners' income is taxed according to its source. Tax on income from agriculture is levied at a flat 5% per year; income on commercial activities is 20% for the first 10,000 LD; 25% for the subsequent 20,000 tranche; 20% for the subsequent 30,000 tranche, and a flat 35 % on income above this amount. Tax on income from industry & crafts is levied at a 5% discount per tranche over taxes levied on income from (other) commercial sources. Employees within Libyan-run companies pay 3.75 % of gross income as Social

Security Tax, while the employer contributes 11.25%. There is no VAT in Libya, no gift and inheritance tax, no locality taxes, and no tax on insurance premiums (i.e., these are deductible expenses).

Corporate Income Tax:

In a process that is far from transparent, foreign companies submit preliminary (self) assessments of their tax liabilities, which Libyan tax authorities then review against a theoretical (and rarely attainable) industry average. After a period of time, the tax authorities issue a final assessment, incorporating whatever additional information they believe relevant. A company may appeal this final assessment. In practice the tax payment process is something of a negotiation, in which the smaller firms have the upper hand (Vigor with which assessments are pursued is directly proportional to the obvious asset base. Companies with no fixed address or few tangible assets often fall through the cracks).

Stamp Tax Law

With law No. 12 of 2004, the GPC created a new Stamp Tax. This tax specifies the following tax rates on items procured in Libya by a foreign firm:

Taxable Item	Rate
Auditors Certificate & Reports, per document	100 LD
Accounting Books (registered), per page	.250 LD
Automobile invoices, on sale/purchase	3%
Invoices over 100 LD	2%
Rentals (housing)	1%
Contracts for supplies, services, public works, etc.	2%
Sub contractor on 1/10 value of subcontract	1%
Opening of Letters of Credit	.2%
Guarantees, insurances, etc.	.5%
Receipts (general)	.5%
Amounts paid by any public body on behalf of recipients	.5%

(Source: Dr. Abdussalam Sultan, Certified Accountant & Tax Consultant, drabdussalamsultan@yahoo.com)

Double Taxation Agreements:

Although Libya has double taxation agreements with several countries in the Middle East, it has no such agreements with the United States. A Presidential waiver signed in November 2004 allows credits to be claimed against U.S. income tax for taxes paid in Libya (U.S. Department of the Treasury, Dec 28, 2004).

Miscellaneous Tax Regulations:

- Export of goods to Libya is not subject to tax if the exporter's responsibilities end prior to customs clearance and exporter/supplier is not registered in Libya.

- Contracts must be registered with the Tax department within 60 days of signing. 2% of total amount + 1% of proportion that is sub-contracted is payable upon registration. Fines are levied at a rate of 3%/month delay.

- Personal income tax (may) be up to 90% on salaries over 200,000 LD

Sales Service/Customer Support

Return to top

After sales support is a growth industry in Libya, and is highly valued by Libyan authorities in their evaluation of potential foreign investments. Several U.S. and European brands have successfully used after-sales support as a marketing tool. High-end car dealerships (including Mercedes Benz and Ford) tend to maintain showrooms as well, and agents for several major brands have opened substantial workshop and maintenance facilities. Showrooms can be helpful with sales, but they can also open vendors to additional (unwanted) attention from local authorities, leading some firms to prefer a low-profile approach.

Protecting Your Intellectual Property

Return to top

Trademark violations are widespread and violators are adept at producing credible fakes. U.S. brands are at the present time extremely vulnerable to such activity, for their presumed high quality and Libya's lack of direct experience with the "real thing." The General Authority for Products Control has established branches in seven Libyan cities, but they are primarily focused on health and safety issues. A competent local agent will keep an eye out for infringements. The Embassy has noted several cases in which foreign firms successfully pursued claims against trademark infringements by local (Libyan) companies. While Libya is in the process of applying for entry to the WTO, it is not currently a member, and thus is not a party to TRIPS (Agreement on Trade-Related Aspects of Intellectual Property Rights).

"Trademark agents" are typically responsible for registration of company trademarks with the Trademark Office. These agents must themselves either engage an authorized trademark registrar, or hold a registrar's permit. The Embassy does not provide due diligence or formal notary services in this regard.

Due Diligence

Return to top

Performing due diligence on potential partners in Libya is difficult, owing to a lack of publicly-available information and accounting practices. Companies seeking to enter the Libyan market are advised to conduct their own thorough due diligence measures whenever possible.

Local Professional Services

Return to top

CCG Contact List: http://libya.usembassy.gov/uploads/images/G024lOjMFU-hWc6Vmqslkw/Contact_List.pdf

Web Resources

Return to top

Libya Investment Website: http://www.investinlibya.com/index2.htm

Libyan Export Promotion Center (Arabic): http://www.lepc.org.ly/

CCG Contact List: http://libya.usembassy.gov/uploads/images/G024lOjMFU-hWc6Vmqslkw/Contact_List.pdf

Tripoli International Fairgrounds: http://www.tripolifair.org/English/main.htm

General Board of Fairs: www.gbf.com.ly

ATEX Exhibitions: http://www.africantigers.com/

Waha Expo: http://www.wahaexpo.com/exhibitions.htm

IBC Exhibitions: www.ibcgulfconferences.com

Montgomery Libya: http://www.montex.co.uk/index2.php

Return to table of contents

Return to table of contents

Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

Oil Exploration and Production

Overview Return to top

	2005	2006	2007 (estimated)
Total Market Size	n/a	n/a	n/a
Total Local Production	600 m/bbl	661 m/bbl	n/a
Total Exports	532 m/bbl	557 m/bbl	n/a
Total Imports	0	0	0
Imports from the U.S.	0	0	0

(National Oil Corporation, U.S. Department of Energy)

The Libyan economy is dominated by the energy sector, which accounted for as much as 95% of foreign currency earnings and 70% of government revenues in 2007. The market is highly competitive, with more than forty foreign companies, including most international majors, active in Libya. Estimates of Libya's proven oil reserves vary, with the latest estimates ranging upwards of 37 b/bbl equivalent (OPEC, 2007). The Libyan Government has announced its intention to increase current oil production of 1.7 million bbl/d to its pre-sanctions rate of 3 million bbl/d by 2010-13.

Libya's oil industry is controlled by the state-owned National Oil Corporation (NOC), which in turn runs subsidiaries Waha Oil Company, Arabian Gulf Oil Company (Agoco), Zueitina Oil Company (ZOC), and Sirte Oil Company (SOC). Oil exploration and development continued throughout the period of sanctions (1986-2004), although many projects were put on hold and minimal maintenance was performed to keep equipment running. As of November 2006, Libyan procurement subsidiaries Umm Al-Jawaby (London) and Medoil (Germany) have been shut down by the NOC to in order to transfer their operations to Libya. Another NOC subsidiary, Oilinvest, was created in large part to secure international refining capacity during the sanctions period. Oilinvest itself operates over forty subsidiaries, the largest of which are Tamoil and Gatoil. The latter two companies manage a range of investments, including several refineries and branded gas products. Tamoil's Italian subsidiary, Tamoil Italia, owns and operates approximately 2,100 service stations. The Libyan government is currently in the process of selling 60% of its interest in Tamoil to U.S. company Colony Capital LLC.

Since January 2005, the NOC has conducted three separate Exploration and Production Sharing Agreement (EPSA) bid rounds. Winners in these transparent bid rounds cover all costs of exploration. Development, appraisal and abandonment costs are shared with NOC. These three bid rounds netted almost $1 billion in required foreign investment and $324 million in signing bonuses for the NOC, as well as commitments by the bidders to conduct agreed work plans for 2D and 3D seismic and the drilling and exploitation of test wells. The NOC has to date not announced dates for a rumored DEPSA, or "Development EPSA", focused on the application of IOR and EOR technologies to boost production from declining fields.

The NOC is also in the process of renegotiating existing deals with several major international firms that have production rights in Libya. Since late 2007, the NOC has concluded extensions with Occidential/OMV (U.S./Austria), Eni (Italy) and PetroCanada. Each firm paid a $1 billion signing bonus for these new contracts, which were brought into line with the terms and conditions of those signed under the EPSA IV process. In addition to extending the presence of these companies in Libya, the new contracts lower the amount of oil output going to the foreign companies.

Best Prospects/Services

Return to top

Drilling and seismic equipment, pipeline technology, engineering and geology expertise, construction, environmental services, communications, personnel services and training.

Opportunities

Return to top

By its own estimate, more than 10 billion USD in investment will be required to reach Libya's 2010 production target. There is a great demand for oil services in Libya that cannot be met with extant resources, although the government has implemented policies that have hampered the operations of foreign oil services companies to the benefit of small-time local operators. This situation will have to improve if foreign oil firms are to meet their obligations under existing EPSA contracts and for Libya to maximize the potential of its oil resources.

Resources

Return to top

National Oil Corporation: http://en.noclibya.com.ly/

U.S. Department of Energy: http://www.eia.doe.gov/emeu/international/reserves.html

Natural Gas and LNG

Overview

Return to top

	2005	2006	2007 (estimated)
Total Market Size	206 bcf	531 bcf	n/a
Total Local Production	399 bcf	985 bcf	n/a
Total Exports	193 bcf	474 bcf	n/a
Total Imports	0	0	0
Imports from the U.S.	0	0	0

(National Oil Corporation, U.S. Department of Energy)

Libya's proven gas reserves amount to at least 46.4 Tcf (placing it 14th in the world); potential reserves are as high as 70-100 Tcf. Until relatively recently Libya did little with its considerable gas reserves, but NOC Chairman Ghanem has signaled Libya's intention to double its production of natural gas over the next few years. With the deepening international market for natural gas, Libya is seeking to both export more gas and to increase its use to satisfy domestic energy needs (thereby freeing up additional oil for export). Libya's main gas-producing fields are Attahadi, Defa-Waha, Hatiba, Zelten, Sahl and Assumud.

In an effort to boost foreign investment in developing Libya's gas reserves, the NOC held its first-ever gas bid round in December 2007. Thirty-five companies competed for a total of 41 gas blocks divided into twelve separate contracts covering almost 30,000 square miles of territory. The response from foreign companies was muted, as several contracts received no bids, and turnout overall was low. As of February 2008, the NOC has signed contracts with Occidential (U.S.), RWE (Germany), Shell (Netherlands/UK), Gazprom (Russia), Sonatrach (Algeria) and PGNIG (Poland) as a result of this tendering process. The NOC has also concluded sweeping gas exploration and development agreements with Shell (2005), Eni (2007) and BP (2007).

Inaugurated in October 2004, the Western Libya Gas Project (WLGP) is the cornerstone of Libya's gas program. WLGP, which cost 6.6 billion USD to develop, sources gas from the desert near the Southern Libyan border with Algeria, and an offshore platform 110 kilometers North of Tripoli. The resulting gas flows to Melitah (80 km West of Tripoli) where it is collected, then pumped by submarine pipe known as the "Greenstream" to Sicily and mainland Italy. The NOC reportedly plans to double the throughput of the Greenstream pipeline over the next several years. A proposed pipeline with Tunisia is reportedly stalled due to complications on the Libyan side of the deal.

Libya produces a small amount of liquefied natural gas (LNG), most of which is consumed by domestic refineries. The Esso-built Marsa el-Brega LNG plant has been operating for many years at half-capacity, due to technical problems. With considerable investment, Libya has the potential to produce more LNG per year than each of Malaysia, Algeria and Indonesia. Shell's 2005 deal with the NOC includes work on Libya's LNG infrastructure, including upgrading the Brega LNG plant. As of early 2008, there were also reports that a new LNG plant may be constructed at Ras Lanuf.

Best Prospects/Services

Return to top

Drilling and seismic equipment, pipeline technology, engineering and geology expertise, construction, environmental services, communications, personnel services and training.

Opportunities

Return to top

Libya's plans to greatly expand natural gas and LNG production over the next few years present considerable opportunities for U.S. companies.

Resources

Return to top

National Oil Corporation: http://en.noclibya.com.ly/

Downstream Refining

Overview

Return to top

	2005	2006	2007 (estimated)
Total Market Size	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a
Total Exports	213,000 b/d	n/a	n/a
Total Imports	n/a	n/a	n/a
Imports from the U.S.	n/a	n/a	n/a

(National Oil Corporation, IMF, U.S. Department of Commerce)

Libya operates five refineries, with a combined functional capacity of approximately 340,000 bbl/d. These include Ras Lanuf (Gulf of Sirte) with a capacity of 220,000 bbl/d, Azzawia (120,000 bbl/d), Sarir (10,000 bbl/d), Tobruq (20,000 bbl/d), Brega (10,000 bbl/d). Libya exports production over domestic demand (approximately 93,000 bbl/d). Marsa el Brega has ammonia and urea plants which are presently owned by NOC, although an April 27, 2007 announcement indicated that it planned to a joint venture with Norway's Yara International ASA to upgrade these facilities and market the products abroad. They currently produce approximately 700,000 tons of ammonia per year and 900,000 tons of urea. The NAPECTCO (National Petrochemical Company) produces methanol, ammonia and urea at small petrochemical complexes near Abu Khammash salt lake, 165 km west of Tripoli. Ras Lanuf Oil and Gas Processing Company (RASCO) built Ethylene and Polyethylene plants in 1988, and opened a Naptha cracker in 1997. In April 2007, U.S. firm Dow Chemical announced plans to form a joint venture to operate and expand the Ras Lanuf petrochemical complex, a process that is still under development. Libya has also announced plans to jointly develop a refinery with Tunisia with the help of international investors.

Best Prospects/Services

Return to top

Engineering, construction, environmental services, personnel services and training.

Opportunities

Return to top

Libya's current refineries need upgrading, and the government has announced plans to build several additional facilities. Foreign oil and construction companies are currently engaged in bids for several proposed refinery upgrade initiatives.

Resources

Return to top

National Oil Corporation: http://en.noclibya.com.ly/

Construction and Engineering Services

Overview

Return to top

	2005	2006	2007 (estimated)
Total Market Size	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a
Total Exports	n/a	n/a	n/a
Total Imports	n/a	n/a	n/a
Imports from the U.S.	$6M	$30M	$92M

(U.S. Department of Commerce)

Emerging from two decades of international sanctions, Libya has extensive infrastructure development needs in almost every sector of the economy and region of the country. In November 2007, the government announced plans to spend more than $123 billion on public works over five years. Contracting services and construction materials will be in great demand in the coming years to support major road, large-scale office complex, hotel, and residential housing projects. The environment is a potentially lucrative one, but also challenging. The construction sector suffers from shortages in primary materials, including concrete, high-grade building materials and skilled labor.

Numerous large construction projects have been announced by the government and Libyan press in recent years, and many of them have failed to come to fruition. Some of these delays can be ascribed to a disjointed government decision-making process and capital shortages, while in other instances the government has awarded contracts to low-cost foreign firms that have been unable to fulfill their contractual obligations.

Several U.S. firms were awarded sizable contracts in the construction sector in late 2007. In December 2007, Libya's Housing and Infrastructure Board (HIB) announced contract awards to U.S. firms AECOM/TCB and Tennessee Overseas Construction with a total value of up to $574 million and $1.25 billion, respectively. Some of the other large-scale construction projects announced in recent months include:

- UAE-based developer Hydra Properties to launch a $150m office building and hotel project

- Austrian construction company Strabag SE announced agreement on a $638 million contract to overhaul the infrastructure for the town of Tajura.

- A trio of international companies were reportedly awarded a $3 billion contract to expand and upgrade Tripoli International Airport so that it can receive 20 million passengers a year.

Best Prospects/Services

Return to top

Engineering, architectural design, advanced construction techniques, major project coordination, training.

Opportunities Return to top

Roadbuilding, airports, office complexes, hotels, infrastructure projects, residential housing, tourist complexes.

Resources Return to top

Libya Investment Website: http://www.Libyaninvestment.com

Transportation

Overview

Return to top

	2005	2006	2007 (estimated)
Total Market Size			
Total Local Production			
Total Exports			
Total Imports			
Imports from the U.S.	$17M	$240M	$113M

(U.S. Department of Commerce, CIA World Fact Book)

Libya's transport infrastructure is weak. Paved roads and airline service link major population centers; there are no railways, and few reliable marine transport services available. The Libyan government is seeking to address these shortcomings via an ambitious set of construction plans to upgrade and/add facilities. Also with the removal of UN and US sanctions on Libya, there has been a surge of aircraft and vehicle purchases, including the January 2008 announced sale of 21 Airbus aircraft to state-run firms Afriqiya and Libyan Airways.

Railways: Long-suspended plans for a 1.435-mile standard gauge line from Zawiyya to Misurata via Tripoli are being re-considered, as are plans to link a major coastal city with the southern city of Sebha. Libya has discussed partnering with Egypt to establish a rail line from As-Sallum, Egypt, to Tobruq, but no action has yet been taken. According to press reports, China Railway Construction has been awarded a $2.6 billion contract to construct two rail lines in Libya covering approximately 600 miles.

Highways: Total: 83,200 km Paved: 47,590 km Unpaved: 35,610 km (1999 estimate). The government has issued a number of high-profile road and road-improvement tenders in recent months, primarily to companies based in East Asia.

Airports: The capital is served by two airports, Tripoli International and Metiga-City Center. Metiga has been used primarily for domestic flights, although it has been converted for strictly military/Libyan government use. Benghazi is served by a single airport, Benina International. Most other major cities maintain municipal airports. In late 2007, the government announced plans for new airports in Tripoli, Benghazi, Sebha, Misurata and Kufra.

Sea Ports and Harbors: Al Khums, Benghazi, Derna, Marsa al Burayqah, Misurata, Ras Lanuf, Tobruq, Tripoli, Zuwarah. In late 2007, the government announced plans to construct new port facilities in Tripoli, Benghazi, Misurata, Khoms, Tobruk, Sirte and Derna.

Merchant Marine: Total: 17 ships (1000 GRT or over) 67,200 GRT/85,931 DWT; By type: 11 cargo, 3 liquefied gas, 2 passenger/cargo, 2 petroleum tanker, 1 roll on/roll off; foreign-owned: 3 (1 Kuwait, 1 Norway, 1 Syria) (2007); Registered in other countries: 4 (3 Malta, 1 Tunisia) (2007)

Best Prospects/Services

Return to top

Aircraft and vehicle sales, road building, airport development, transportation infrastructure projects, engineering, consulting.

Opportunities

Return to top

There are opportunities for U.S. vehicle manufacturers – from aircraft to farm machinery – to make substantial sales in Libya. There are also great needs for improving Libya's transportation infrastructure, which could provide substantial investment and sales opportunities for U.S. companies in the years to come.

Resources

Return to top

Libya Investment: http://www.Libyaninvestment.com

Electric Power

Overview

Return to top

	2006	2007	2008 (estimated)
Total Market Size	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a
Total Exports	n/a	n/a	n/a
Total Imports	n/a	n/a	n/a
Imports from the U.S.	n/a	n/a	n/a

Libya currently has electric power production capacity of about 5.0 gigawatts. The Libyan General Electric Company (GECOL) runs 23 generating plants, of which six are steam-powered and seventeen run on gas or diesel fuel. Power demand is growing rapidly (approximately 8-9% annually), and Libya has plans to more than double current installed capacity by 2010 at a cost of over 3.5 billion USD. About 60% of current power stations are oil-fired, although GECOL has announced plans to make a major effort to switch to gas-fired turbines.

Libya's power generation and distribution sector requires substantial investment, and officials are looking at alternatives to public financing. Tenders for major generation projects have been issued in the last several years, including a 250 MW project in Sarir, an 800 MW project in Sirte and a 750MW project in Misurata, but the bid selection process has been slow and lacking in transparency. There have been several large contract awards announced in late 2007/early 2008, to include:

- GECOL contract with Areva (France) for $440.6 million to work on Libya's power distribution network

- Hyundai Engineering & Construction (South Korea) reported that it has won a $717 million order to build a thermal power plant in Libya

- Doosan Heavy Industries & Construction Co. (South Korea) announced that it had won a $267.5 million order from GECOL for a power plant

Best Products/Services

Return to top

Engineering, architectural design, advanced construction techniques, major project coordination, training.

Opportunities

Return to top

Power plant upgrades and new construction, project management, engineering services.

Resources

Return to top

General Electric Company of Libya (GECOL): http://www.gecol.ly/en/index.php

Telecommunications

Overview

Return to top

	2006	2007	2008 (estimated)
Total Market Size			
Total Local Production			
Total Exports			
Total Imports			
Imports from the U.S.			

(Insert footnote information here)

Telecommunications infrastructure development is the responsibility of the state-owned General Post and Telecommunications Company (GPTC). GPTC was created by Law No. 16 of 1984, and is headed by Eng. Mohammed Qadhafi, a son of the Libyan leader. GPTC oversees the operation of fixed and mobile lines, as well as Libyan Internet service providers (ISPs).

GPTC has expanded landline coverage to many parts of Libya, although the quality of its infrastructure and service needs substantial improvement. In 1996, GPTC spun off mobile phone company Al-Madar ("Orbit") and then launched a second, Libyana, in 2004. Libyana, which offered service at a fraction of al-Madar's rates, quickly become the provider of choice in Libya, now providing an estimated 4 million accounts (91% of market share). Cell phone penetration is estimated at 75%. GPTC serves as the local service provider for the Thuraya satellite phone company, including sales of handsets and SIM cards. On the user-side, Nokia currently maintains an estimated 90% market share for cellular and radio communications equipment.

The sector has undergone a number of organizational shifts in the last several years. In 2005, the General People's Committee (GPC) established the General Post Telecommunication and Information Technology Company of Libya (GPTITC), which encompasses Libyana Mobile Phone Company, Al-Madar Mobile Phone Company, Libya for Telecommunication and Technology and General Post and Telecommunication Company. It moved to establish the Communications General Authority (CGA) in late 2006, which supervises all of the above entities and reports directly to the GPC.

In October 2006, the GPTC signed a contract with Alcatel and Sirti valued at an estimated 161 million Euros to upgrade Libyan network flexibility and service reliability known as the New Generation Basic Network (NGBN). In January 2007, Chinese firm ZTE signed a contract with GPTC to supply a CDMA2000 network with a 300,000-line capacity, expected to be deployed commercially in August 2007. In January 2008, ZTE announced a deal with LTT to build a commercial WiMAX network that will cover eight major cities in Libya, including the country's capital Tripoli.

Best Products/Services

Return to top

IT technology, engineering, project planning, consulting, construction, training.

Opportunities
Return to top

GPTC has announced its intention to spend 10 billion USD on telecommunications infrastructure over the next 15 years. GPTC has also expressed interest in U.S. technology, and U.S.-furnished centers for training and software certification. The privatizations of al-Madar and Libyana could offer opportunities, depending on terms and conditions.

Resources
Return to top

GPTC: http://www.gptc-libya.com/

Al-Madar: http://www.almadar.ly/

Libyana: http://www.libyana.ly/

Education and Training

Overview
Return to top

	2006	2007	2008 (estimated)
Total Market Size	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a
Total Exports	n/a	n/a	n/a
Total Imports	n/a	n/a	n/a
Imports from the U.S.	n/a	n/a	n/a

Until recently, Libyan children were required to attend six years of primary school, followed by three years of preparatory school and three of secondary school, for a total of twelve years of compulsory education. Currently the requirement is nine years of basic education and four of secondary school. Recent General People's Congress sessions have called for a rationalization of the Libyan educational system, including a decrease in the number of schools and an increase in quality of teaching and available resources. In addition to state-run schools, there are a growing number of private educational institutions and training centers.

Foreign firms have found a receptive audience for proposals to increase training opportunities available to Libyan nationals, particularly in technical subjects. There is a rapidly growing market for educational exchange programs, school supplies (including IT equipment) and tools related to school administration. In January 2007, the GPC announced that 5 billion Libyan Dinars will be spent on education in the next 5 years.

Best Products/Services
Return to top

English language training, computer equipment, educational materials

Opportunities
Return to top

Libya has announced a number of initiatives to upgrade the IT infrastructure of its school system, and more tenders are expected. English language training is in great demand, as are U.S.-standard educational texts and teaching methods.

Resources
Return to top

General People's Committee for Higher Education (Arabic): http://www.higheredu.gov.ly/

National Research & Scientific Study Center: http://www.ncrss.com/english/English.htm

GPC of Labor, Training & Employment (Arabic): http://www.smpt.gov.ly/

Desalination and Water Treatment

Overview
Return to top

	2006	2007	2008 (estimated)
Total Market Size	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a
Total Exports	n/a	n/a	n/a
Total Imports	n/a	n/a	n/a
Imports from the U.S.	n/a	n/a	n/a

Current desalination output is reportedly 30 million cubic meters per year. Thermal and flash vaporization account for 60-70% of this output; reverse osmosis techniques generate 20% of output, while 10% comes from electro-membrane separation. The Renewable Energy and Water Desalination Research Center oversees research into various desalination technologies including filtration technologies membranes and reverse osmosis technologies and staging various thermal and filtering technologies. The center is currently focusing on the desalination units for use in Libya's rural communities not currently serviced by the Great Man Made River Authority. Libyan government officials have expressed increased interest in boosting Libya's desalinated water output, and several large projects have been announced as part of Libya's five-year infrastructure development announcement.

Libya built forty wastewater treatment plants in the 1970s and 80s, with a total capacity of 175 million cubic meters per year. Water quality in Libya in and around the major population centers is known to be extremely poor. There have been several major contamination incidents, including one in which a leak from an ageing underground pipeline at the Zawia refinery polluted groundwater in the agricultural district of Gargouza, thirty kilometers West of Tripoli.

Best Products/Services
Return to top

Engineering, architectural design, advanced construction techniques, project management, training.

Opportunities
Return to top

It is widely believed that, even with extensions to the GMMR, there will be a large demand for desalination technology in Libya over the coming years. Over 60% of medium and large capacity desalination plants currently operating are more than 17 years old. Several hundred million USD worth of water, wastewater treatment, and desalinization contracts are expected to be awarded over the coming few years. The GMMR project may offer opportunities for large contracting firms.

Resources
Return to top

Great Man-Made River Project: www.gmrp.org

Libyan General Water Authority: gwalibya@hotmail.com

Medical Equipment and Services

Overview
Return to top

	2005	2006	2007 (estimated)
Total Market Size			
Total Local Production			
Total Exports			
Total Imports			
Imports from the U.S.	$13M	$33M	$53M

Libya's hospitals and clinics largely do not meet international standards. Those Libyans with sufficient resources travel to Tunisia, Jordan, or Europe for anything but the most routine medical care, a trend that has led to the establishment of a 100+ mile "medical services alley" on the Tunisian side of the border. This area caters almost exclusively to Libyan clients. In early 2006 the Benghazi Medical Center, a long-vacant (and never-used) 1200-bed facility, announced a 120 million USD tender for mid-term management and complete furnishing of the facility, including advanced imaging equipment, basic supplies, furnishings, etc. As of January 2008 this tender remains open, and is reportedly in the process of being re-tendered again.

Best Products/Services
Return to top

Medical equipment sales, IT technology, project planning, consulting, construction, training.

Opportunities
Return to top

Libya needs to upgrade its existing facilities and construct new ones. Also, it must invest in substantial equipment upgrades and better integrate the more modern equipment it already possesses.

Resources
Return to top

General People's Committee of Health & Environment (Arabic):
http://www.health.gov.ly/web/

Agricultural Sectors

Return to top

Overview

Return to top

Although farming accounts for only 5 – 7 % of Libyan GDP, the sector employs one-fifth of the country's workforce. 1 % of Libya's land is cultivated, while approximately 8% is suitable for grazing. Libya's main crops include wheat & barley, tomatoes, citrus fruits, potatoes, olives, figs, apricots and dates. Until recently, farming activity depended wholly upon erratic rainfall and poorly developed irrigation systems. Libya attempted to alleviate this pressure through the Great Man Made River project. Water-mining and overuse of land by a rapidly growing population has had a devastating effect on coastal Libyan groundwater resources. Sea-water intrusion into coastal water tables is a significant and widespread problem.

In an effort to increase agricultural production and to stem rapid migration to the major coastal cities, the Libyan government has offered various subsidy and land grant schemes. To date, the most successful ventures have been those that consolidate small-holdings into large production and marketing operations. With the aid of imported technology (irrigation, etc.), foreign consultants have helped identify "off-season" export crops fed by water from the Great Man Made River.

Libyan farmers continue to have difficulty importing needed materials, particularly seeds. There are also reports of foreign companies having difficulties complying with Libyan import practices in this sector. Despite these difficulties, U.S. exports of agricultural products have risen fairly rapidly in recent years, moving from about $3 million in 2005 to more than $80 million in 2007.

Best Products/Services

Return to top

Capital agricultural equipment sales, fertilizers and seeds, environmental services, training.

Opportunities

Return to top

The government imposes restrictions on the importation of many agricultural goods in order to protect domestic industries and interests. However, opportunities do exist for U.S. exports, particularly for capital equipment.

Resources

Return to top

U.S. Foreign Agricultural Service:
http://www.fas.usda.gov/agx/market_research/market_research_resources.asp

Return to table of contents

Return to table of contents

Chapter 5: Trade Regulations and Standards

Import Tariffs

Return to top

The Libyan Customs Administration cancelled duties on more than 3500 product categories, effective August 1, 2005. A flat 4% (ostensibly a service fee, vice a duty) is levied on most imported products. Approximately 80 products remain subject to duties of between 25 and 50 %. Higher duties are reserved for luxury items such as furs and very high-end furnishings; duties on cigarettes and tobacco products remain unchanged. While customs duties have been drastically abated, "consumption" and "production" taxes apply to some imported goods (at rates of 25-50% and about 2%, respectively), often as a form of protection for local goods and companies. These taxes are borne by the importing agent (and frequently passed to the consumer).

Equipment imported into Libya for use in the oil sector has traditionally been exempt from customs duties, under Article 16 of Law No. 25/1955 (Petroleum Law). Additionally, as detailed in chapter 7, duty rebates are available to foreign investors entering under the terms of Law No. 5 (1997). Temporary importation of equipment is also exempt, but subject to a deposit and substantial fines and penalties if breached.

Libya maintains a list of items prohibited for import (see "Prohibited and Restricted Items" below). Currently, alcoholic beverages, pornography, pork and pork-related products, as well as all goods manufactured in Israel, are prohibited for import. Products of at least 40% Arab origin content are exempt from customs duties.

Trade Barriers

Return to top

While tariff-based barriers to trade and investment have been eased in recent years, Libya's non-tariff trade barriers remain high. Minimum capital investments for establishing businesses ventures, an opaque, discretionary and ad hoc regulatory environment and a lack of publicly-available information, among other challenges, present substantial challenges to trade and investment.

Import Requirements and Documentation

Return to top

Customs Clearance:

1. For project-related materials and full shiploads, one must obtain provisional pre-clearance prior to berthing. Estimated time-in-wait for final clearance is one week.
2. For general cargoes (except food) no pre-clearance is available. Estimated wait for final clearance: at most one week from discharging in port.
3. For foodstuffs requiring health clearance, one may obtain a temporary clearance upon arrival. Estimated time-in-wait for final clearance is ten days.

Required Customs Documents:

1. Original bills of lading
2. Copies of all invoices
3. Health certificates
4. Packing list
5. Certificate of Origin

U.S. Export Controls

Return to top

On February 24, 2004, the United States lifted its restriction on the use of U.S. passports for travel to Libya and eased economic sanctions. On April 23, 2004 the United States lifted more sanctions and revoked Iran-Libya Sanctions Act (ILSA) provisions pertaining to Libya. On June 28, 2004, the United States reestablished direct diplomatic relations with Libya, and upgraded its Interests Section to a U.S. Liaison Office (USLO). On September 20, 2004, President Bush terminated the 1986-declared state of emergency against Libya and revoked related Executive Orders. This action removed most economic sanctions against Libya, and released Libyan assets frozen in the U.S. On September 11, 2004, Europe lifted its arms embargo against Libya. On May 31, 2006 the USLO was upgraded to a U.S. Embassy. On June 30, 2006, Libya was removed from the list of State Sponsors of Terrorism. On August 31, 2006, the U.S. Department of Commerce published an amendment to its Export Administration Regulations (EAR) in the Federal Register. This amendment removed the license requirement for a range of U.S. exports and re-exports to Libya (see Chapter 5: U.S. Export Regulations). On February 2, 2007, the International Traffic in Arms Regulations (ITAR) was amended to permit licensed sales of non-lethal military equipment to Libya.

Trade between the U.S. and Libya, including the import/export of goods or services, is now permitted, though some commercial transactions involving sensitive materials and technologies remain subject to DOC export controls. U.S. companies may enter into and implement most industrial, commercial or government contracts with Libyan partners, as well as invest in-country.; U.S. banks and other financial service providers may participate in and support transactions with Libya. Libyan students may study in the U.S. if they are accepted by a U.S. university and qualify for a student visa. U.S. and Libyan air carriers, as well as code-shares are now permitted to fly between the United States and Libya (though at the time of printing no U.S. airlines served Libya, and no code shares were in force).

Temporary Entry Return to top

Libya is not a member of the TIR Convention. The ATA (Admission Temporaire) procedure is not allowed in Libya. Goods that have been imported into Libya on a temporary admission basis, on which customs duties and taxes have not been collected, must be re-exported outside the country or to the Free Trade Zone. The Customs authority does on occasion allow for transshipment at the port of entry, but this agreement must be reached with Customs authorities upon arrival.

Labeling and Marking Requirements Return to top

There are no specific packaging requirements for products entering Libya. Packaging should account for Libya's intense summer heat conditions, and the possibility that goods will be stored outdoors for a short period. Outer containers should bear the consignee's mark and port mark and be numbered (to accord with packing list) unless their contents are such that they can be otherwise readily identified. Although not compulsory, it is advised that all printed contents be in Arabic or English.

Required documentation includes:

- pro forma invoice
- commercial invoice
- certificate of origin
- bill of lading

Check with a local importer for required certificates for meats, food items, plants, live animals and medical goods.

Prohibited and Restricted Imports Return to top

The list of prohibited items for import changes on a regular basis. The following list is current as of December 1, 2007. Companies are advised to check with the Embassy or a local shipping agent for the latest information.

1) Pigs, pork and all pork products
2) Wines and alcoholic beverages off all kinds
3) Pornographic materials
4) Preserved meats and food prepared with preserved meats and animal fats prepared for consumption
5) Frozen fish (unless sliced) and tuna imported for manufacturing reasons
6) Eggs ready for consumption, poultry and live birds and their meat excluding chicken parents used for breeding
7) Cucumber seeds
8) Fresh fruits, olive oil, fresh, frozen dried or ground vegetables prepared for consumption excluding legumes
9) Natural and fizzy mineral water

10) 30-passenger buses if more than 5 years old; trucks and semi-tractors and trucks designed for 5-20 ton loads if more than 10 years of age
11) Corrugated iron sheets
12) School notebooks
13) Paper napkins, excluding table napkins, pocket napkins and toilet rolls
14) [Libyan] men's and women's traditional capes
15) Brooms
16) Alkaline materials and bleach
17) Plastic covers for greenhouses, plastic pipes made of PVC, except for pipes used for trickle-down irrigation
18) Bread enhancement products containing potassium bromides.

Customs Regulations and Contact Information Return to top

CCG Contact List: http://libya.usembassy.gov/uploads/images/G024lOjMFU-hWc6Vmqslkw/Contact_List.pdf

Standards Return to top

Overview Return to top

At present, imports are covered by a loose patchwork of international standards. In 2003, the government re-constituted the National Center for Standardization and Metrology (LNCSM), charged with creating a comprehensive, unified regime under ISO 9000/90002 standards. As a prelude to its application to WTO membership, Libya is working to accredit its central Standards Bureau and to implement a network of certified national testing laboratories. While Libya is now a party to agreements with other Arab states recognizing the certifying authority of the relevant national standards authorities (Tunisia is one example), no such agreement is currently in place between Libya and the U.S., meaning effectively that the U.S. exporter must wait for the results of testing of landed products, before knowing whether or not the product will be admitted into the country (even if the product is a trusted brand within the U.S., and/or on the international market). The approval process can be time-consuming and has in the past been subject to corruption. The best assurance against a negative outcome is to provide LNCSM with full details and product specifications before entering into an agreement with a local distributor. LNCSM is currently actively seeking U.S. partners and contractors to help implement ISO standards.

NIST Notify U.S. Service
Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: http://www.nist.gov/notifyus/

Standards Organizations

Return to top

The Libyan National Centre for Standardization and Metrology (LNCSM) is responsible for setting standards.

Conformity Assessment

Return to top

LNCSM is developing these standards.

Product Certification

Return to top

LNCSM is developing these standards.

Accreditation

Return to top

The Libyan National Centre for Standardization and Metrology (LNCSM) is responsible for accreditation in addition to its other functions.

Publication of Technical Regulations

Return to top

N/A

Labeling and Marking

Return to top

LNCSM is developing these standards.

Contacts

Return to top

Libyan National Center for Standardization and Metrology (LNCSM)
Program Coordinator Dr. Dia Eddin Sadek Abouhadra
Tel.: + 218 (0) 21 – 369 3072
Fax: + 218 (0) 21 – 369 30 71
E-Mail: info@lncsm.org
Web: http://www.lncsm.org/ or http://www.accreditation-libya.net/

Trade Agreements

Return to top

Libya is not a member of the WTO. Libya's application was received by the WTO on June 10, 2004. The General Council established a Working Party on July 27, 2004, although it has not met to date.

Libya is a member of the 1989 Arab Maghreb Union (AMU) linking Tunisia, Algeria, Morocco, Mauritania and Libya. The AMU's stated objectives include the encouragement of free movement of goods and people, revision and simplification of customs regulations, and movement towards a common currency. Nominally, AMU mandates duty-free trade among its members. Disputes between AMU members have stood in the way of much concerted action. Libya is also a founding member of the Community of Sahel-Saharan States (CEN-SAD). CEN-SAD's Secretariat and the CEN-SAD Bank for Investment and Trade are both headquartered in Tripoli. CEN-SAD is dedicated to creating an economic union among its 23 member states, although it has not made great progress toward this goal. Citizens of CEN-SAD member countries are afforded the use of dedicated immigration stalls upon arrival at Libya's major airports.

Libya is a part of the Greater Arab Free Trade Area (GAFTA, also called PAFTA, Pan Arab Free Trade Agreement) and the Euro-Med Partnership (EMP), also known as the "Barcelona Process," a dialogue between the European Union and 12 Mediterranean countries. The Barcelona Declaration of November 27, 1995 outlined goals of reducing political instability and increasing commercial integration. In 1999, 27 EMP partners agreed to admit Libya contingent on Libya's accepting the Barcelona acquis. In February 2004 Libya announced its intention to join the Barcelona process in full, but no formal Libyan request has been made to date.

Web Resources

Return to top

WTO Libya Site:
http://www.wto.org/english/thewto_e/acc_e/a1_libyan_arab_jamahiriya_e.htm

Libyan National Center for Standardization and Metrology: http://www.lncsm.org/

Libyan National Center for Standardization and Metrology (2): http://www.accreditation-libya.net/

NIST Notify U.S. Service: http://www.nist.gov/notifyus/

Libyan Customs Forms/Procedures:
http://ec.europa.eu/agriculture/markets/export_refunds/forms/ly.pdf

Return to table of contents

Return to table of contents

Chapter 6: Investment Climate

Openness to Foreign Investment Return to top

Libya has taken a number of steps in recent years to encourage foreign direct investment and its current initiative dates back to the mid-1990s. Since that time, Libya has enacted numerous laws and regulations intended to improve the Libyan business climate and increase its attractiveness to foreign investment. This effort has been modestly successful; foreign companies are returning to do business, and Libya has been able to draw substantial interest from foreign investors, particularly since the lifting of UN sanctions in 2003. This has included billions of dollars in investment in Libya's energy sector. Libya has also announced vast new development projects, including a November 2007 pronouncement that it would spend 150 billion dinars ($123.4 billion) on public works, much of it in infrastructure, over the next five years.

Through Law No. 5 (1997), "Encouragement of Investment Decision," the government attempted to diversify its oil-dependent economy, encourage technical training of Libyan nationals and enhance regional development. Sectors targeted under this law include but are not limited to agriculture, industry, tourism, services and health. The provisions of Law No. 5 attempt to lower the tax and customs fee burden on qualifying companies. Imported machinery, tools, and other capital equipment are exempt from all customs duties and taxes; any equipment, spare parts, or primary materials needed for the project operation exempt for a period of five years; the affected project is exempt from income tax on its activities for a period of five years from the date of the commencement of production or work; goods directed for export are exempt from excise tax and from the fees and taxes imposed on exports; stamp duty tax on commercial documents are exempt; and finally profits from the project will enjoy the same exemption if reinvested. A 2006 GPC amendment to Law No. 5 lowered a 50

Libyan Dinar (LD) million floor on investments qualifying under the law to LD 5 million (LD 2 million if 50% or more of the project is owned by Libyans).

The Libyan Foreign Investment Board (LFIB) was created as the implementing agency for Law No. 5. Its mission is to oversee and regulate foreign investment in Libya's aging and obsolete industrial base, which is characterized by an absence of national industrial planning, obsolete technology, poor management, shoddy maintenance, slow restructuring and over-employment. While LFIB's mandate theoretically includes investment-promotion, its activity is generally limited to processing foreign investment inquiries, except those related to tourism or the Misurata Free Zone (Note: applications for investment in those sectors should be directed to the Tourism Committee and the Free Zone Authority, respectively. End note). LFIB aims to be a "one-stop shop," assisting with issues related to customs and immigration, taxes, and labor for those companies entering under Law No. 5. The function of the LFIB is essentially to serve as the screening mechanism for foreign direct investment. LFIB approval is required for a broad array of operational issues for projects undertaken under Law No. 5, including the disposal of imported materials, transfers of investment capital outside of Libya at project completion, and employment of foreigners when qualified Libyans could be hired.

Libyan legal requirements on foreign companies present a number of impediments to their freedom of operation. Non-Libyans cannot, as a rule, own land (Note: A provision of Law No. 5 does allow for foreign rental and ownership of land for project work, although this has not been widely demonstrated in practice. End note). "National Treatment" provisions do not exist for foreign investors. Foreign companies are also required to hire a number of Libyans to at least match the number of expatriates on staff. In the oil sector, the Libyans put forward by the government for employment with foreign companies are often unqualified, leaving companies with the choice of spending resources on extensive training and mentoring or else paying for a monthly salary for a non-existent employee.

The introduction of Law 443 on November 14, 2006 fundamentally changed the way that foreign businesses can structure themselves and operate in Libya. Among other measures, new foreign entrants seeking to establish themselves in the Libyan market are required to establish joint venture companies with a Libyan entity. In a departure from earlier regulations, the foreign companies are allowed to retain up to 65% ownership of these entities. The law does not apply to representative offices (which do not have the right to conduct negotiations or enter contracts), and to entities formed under Law 5 of 1997 or Law 7 of 2004 (tourism projects).

Some political screening of foreign investment does take place. In 2007, Senior Libyan officials made public statements directly linking successful foreign bids on development projects to the health of bilateral political relations. There is also strong evidence that large government and quasi-government tenders are awarded for political reasons, often in tacit exchange for gestures perceived to demonstrate Libya's return to the international community. Similarly, large tenders are withheld when political relations are not perceived to be positive. This has a trickle-down effect on private sector business transactions, which can be made more difficult by Libyan government interference.

Foreign firms are subject to special taxation arrangements, including the Stamp Tax, which places a special tax of 0.5-3% on the value of items procured by foreign firms in Libya and the Jihad Tax, which applies a 4 percent tax on corporate profits. Corporate tax rates are subject to interpretation, and are often a matter of negotiation between the company and Libyan tax authorities, particularly for larger companies/projects. Law No. 5 (1997) does provide some tax benefits for companies conducting work in Libya that falls under its terms, but requirements to receive these benefits are not clearly defined in the law. Furthermore, several standard forms of tax relief are not provided, resulting in high withholding and income taxes.

The government commenced a program of privatizations of 360 state-owned enterprises in 2004, a process that is ongoing. Although foreign entities are allowed to participate, they must do so under local rules, which include employment protections for Libyan workers and divesting shares to a wide number of individual owners (with a preference for Libyans).

Conversion and Transfer Policies Return to top

From February 1999 to December 2001, Libya maintained a dual exchange rate, with the official rate pegged to a Special Drawing Right (SDR) at the rate of 1LD=.608 SDRs. State import agencies effected transactions using the official rate. Since 2001, the Libyan Dinar has been unofficially pegged to the U.S. Dollar (allowed to float within a specified band). With a 50% devaluation of the official rate in 2002, the two rates were effectively unified. A further 15% devaluation took place in June of 2003. In June of the same year, Libya agreed to the terms of IMF Article IV consultations, which called for, among other things, to advanced import requirements and an end to the 15% exchange tax and subsidy.

Individuals with residence permits are permitted to hold foreign currency in Libyan accounts. Non-residents working in Libya may open domestic accounts in which to hold earnings. Central Bank approval is required for all other credits to non-resident accounts. Per-transaction withdrawals are limited to 5,000 USD in cash and 10,000 USD in travelers' checks (Note: Traveler's checks are not widely accepted in Libya. End Note).

The right to open an account in a convertible currency in a Libyan commercial bank is provided for companies entering Libya under Law No. 5. The Libyan Banking Law (Law No. 1 of 2005) allows any Libyan person or entity to retain foreign exchange and conduct exchanges in that currency. Libyan commercial banks are allowed to open accounts in foreign exchange and conduct cash payments and transfers (including abroad) in foreign currency. Commercial banks operating in Libya may grant credit in foreign exchange and transact in foreign exchange among themselves. Entities engaging in foreign exchange must be licensed by the Central Bank. Foreign exchange facilities are available at most large hotels and airports, and ATMs are becoming more widely available. The importation of currency must be declared at time of entry. It is illegal to import or export Libyan Dinars in any quantity.

Most firms seeking to receive payment for services/products in Libya operate using letters of credit (LOCs) facilitated through foreign banks (often based in Europe). Foreign energy companies remitting large sums often make arrangements for direct transfers to accounts offshore. There have been reports of difficulties arranging LOCs with Libyan entities, owing to a range of institutional inefficiencies that slow the closure of deals, causing them to collapse as prices rise and deadlines slip.

Expropriation and Compensation

Return to top

The Libyan government has a history of state expropriation of private property, including the assets of foreign companies. These actions were taken largely for ideological reasons, including the nationalization of whole industries with the stated purpose of greater wealth distribution among the population. These activities were most prevalent during the 1980s, and appear to have fallen out of practice as a tool of government policy. In recent years, the Libyan government has taken steps to expand the rights of Libyans to operate private enterprises and buy and rent property.

Several high-profile expropriations made in the energy sector have been resolved through a process of negotiations between the government and the affected companies. With the advent of a series of economic reforms and efforts at greater transparency since 2004, the prospect for government appropriation appears to be in decline. There have been other instances of compensation by the state for expropriated property, but figures related the terms provided are not available.

With the imposition of Law 443 of 2006, local ownership is essentially enforced for most foreign entities seeking to do business in Libya, as well as many established before the law came into effect. While this law boosts the percentage of foreign ownership when compared with previous regulations, it requires that at least 35% of non-Libyan businesses be controlled by Libyan individuals or companies. This law has made competent Libyan partners in all sectors a highly valuable commodity for foreign investors, providing ample fuel for rent-seeking behavior in many sectors of the economy.

Dispute Settlement

Return to top

The Libyan court system consists of three levels: the courts of first instance; the courts of appeals; and the Supreme Court, which is the final appellate level. The GPC appoints justices to the Supreme Court. Special "revolutionary courts" may operate outside the court system to try political offenses and crimes against the state. "People’s courts," another example of extrajudicial authority, were abolished in January 2005. A decree providing for state security courts was propagated in late 2007. Libya’s justice system is nominally based on Sharia law.

Libya is not a signatory to the U.N. Convention on the Recognition and Enforcement of Foreign Arbitral Awards (The ‘New York Convention’). In the case of commercial disputes, most foreign entities currently opt to try cases before the International Chamber of Commerce, whose judgments Libya has a history of respecting.

The law governing agencies specifies cases in which a contract may be terminated by either party. Otherwise, local courts will rule on the legality of the termination and/or award compensation to the injured party. Contracts are only exclusive if thus specified in the agency contract. Some agent-company disputes have reportedly been settled through direct appeal on the part of the foreign company to the General People's

Committee of Economy, Trade and Investment. Given the newness of the private sector, little precedent exists in this area.

Performance Requirements and Incentives Return to top

Libya is not a member of the WTO. Libya's application was received by the WTO on June 10, 2004. The General Council established a Working Party on July 27, 2004, although it has not met to date.

Under the terms of Investment Law No. 5 (1997), approved projects receive a 5 year corporate income tax holiday (eligible for possible 3 year extension), exemption from corporate taxes and stamp tax on legal documents, exemption from customs duties and taxes on imports on project materials (5 years), and exemption from excise taxes for exported goods derived from the project. These incentives are only available for projects approved by the LFIB for implementation under Law No. 5. They do not apply for projects disapproved by the LFIB or foreign and domestic investors implementing projects outside of Law No. 5 (joint stock companies, Libyan agents, etc). Foreign firms and individuals generally have a more difficult time than Libyan nationals accessing credit from Libyan banks.

Offsets are often a part of large foreign investment deals, particularly in the energy sector. "Corporate responsibility" and local staff training programs are common requirements for successful concession bids, and training programs in particular are generally essential to win bids on most Libyan government contracts. These programs can range from the training of a handful of local staff up to multi-year programs exceeding $50 million for large energy companies. Also, some foreign firms have moved beyond these measures to bankroll much larger development projects. For example, following the October 2007 10-year extension of its holdings in Libya, Italian energy firm ENI Spa announced that it had signed an MOU with the Qadhafi Development Foundation to provide $150 million for the building of hospitals and schools, and the preservation of historical sites. Offsets of this type are very likely to remain a part of the business landscape for the foreseeable future.

Regarding visa matters, current U.S. and Libya visa policies are drawn within a framework of 'general reciprocity'. U.S. citizens are almost exclusively issued single-entry visas. Most visas should be obtained prior to travel to Libya, require an invitation or sponsor and can take up to several months to process. Residence permits are often difficult for foreign workers to obtain. U.S. visitors to Libya should plan to obtain a visa via a third country, and expect to wait weeks to months for issuance. Libyan visa practice is subject to change without notice. In December 2007, Libya reimplemented an existing regulation requiring an official, stamped Arabic translation in all passports. This requirement lacked clarity, was not applied in a uniform fashion and was implemented without prior warning. Another measure imposed in January 2008 required that all tourist visa holders -- except bearers of Egyptian and Tunisian passports -- must present $1,000 or the equivalent in another convertible currency as a requirement for entry to Libya. Further information can be found in the Consular Information Sheet for Libya at the State Department website:
http://travel.state.gov/travel/cis_pa_tw/cis/cis_951.html.

Right to Private Ownership and Establishment

Return to top

Laws and regulations on investment and property ownership allow domestic and foreign entities to establish business enterprises and engage in remunerative activities. However, the regulatory and legal environment is complex, and there is a systemic bias which favors government sector companies and Libyan firms over foreign entities. Foreign companies have several options for operating in Libya, including the establishment of joint ventures/joint stock companies, representative offices or to enter Libya under the terms of Law No. 5. However, foreign investors are increasingly being channeled into the formation of joint ventures with Libyan entities, in accordance with Law 443 of 2006. This tendency has served to restrict the terms of foreign entry into the market.

Since 2004, foreign nationals and companies are allowed lease property from private Libyan citizens. Rights to land ownership are possible only for foreign companies entering Libya under the terms of Law No. 5. There is considerable ambiguity in both the public and private rental markets; many aspects of these arrangements are left to local officials. Market distortions exist for various supplies related to housing, including industrial and construction supplies, and there is a lack of transparency in the distribution of these materials. The return of foreign companies and investors to Libya in 2003 has fueled a rapid increase in the price of rental housing and office space, and set off a construction boom. This has generated additional pressures on prices and building materials.

Protection of Property Rights

Return to top

Libyan property rights are complicated by past government policy actions, and a weak regulatory environment. The Libyan government eliminated all private property rights in March 1978, and eliminated most private businesses later in the same year. The renting of property was illegal, and ownership of property was limited to a single dwelling per family, with all other properties being redistributed. Reduced rate "mortgages" were paid directly to the Libyan government, but many Libyans were exempted from these payments based on family income. This process, and destruction of official documents that followed several years later, has served to greatly complicate any subsequent effort to prove clear title to property throughout Libya.

Trademark violations are widespread and violators are adept at producing credible fakes. U.S. brands are at the present time extremely vulnerable to such activity, for their presumed high quality and Libya's lack of direct experience with the "real thing." The entry of several U.S. firms (most often through agents) has served to curtail some of the worst abuses related to their product lines. The General Authority for Products Control has established branches in seven Libyan cities, but they are primarily focused on health and safety issues. The Embassy has noted several cases in which foreign firms successfully pursued claims against trademark infringements by local (Libyan) companies.

While Libya is in the process of applying for entry to the WTO, it is not currently a member, and thus is not a party to TRIPS (Agreement on Trade-Related Aspects of Intellectual Property Rights). The IMF has called upon Libya to bring its IPR regime in line with international best practice, and the Ministry of Economy and Trade is reportedly making a renewed effort to deal with the problem, although clear evidence of progress is not apparent.

Transparency of Regulatory System

Return to top

The Libyan regulatory system is decidedly non-transparent, and there is a general lack of clarity regarding the function and responsibilities of Libya's myriad government institutions. Transparency International placed Libya 131st out of 180 countries ("1" indicates least corrupt) in its 2007 Corruption Perceptions Index. Libya's bureaucracy is one of the most opaque and amorphous in the Middle East region; its legal and policy frameworks are similarly difficult to navigate. The issuance of licenses and permits are often delayed for significant periods for unspecified reasons, and the adjudication of these applications is most often done in a subjective and non-transparent fashion. This has created an environment ripe for graft and rent-seeking behavior.

Accurate, current information on the Libyan market and key commercial regulations is difficult to obtain, and this situation serves as a deterrent to foreign investment. There are no non-governmental organizations present in Libya to help facilitate regulatory transparency.

Transparency International: http://www.transparency.org/

Efficient Capital Markets and Portfolio Investment

Return to top

Libya's banking system is dominated by five banks which are owned in full or in the majority by the Libyan Central Bank (Jamahiriya Bank, Wahda Bank, Sahara Bank, Umma Bank and the National Commercial Bank). These five banks constitute almost ninety percent of Libya's banking sector assets. All of these banks have capital of at least 100 million Libyan Dinars, and two of them (Wahda Bank and Sahara Bank), are in the process of being privatized. France's BNP Paribas acquired 19% of Libya's Sahara Bank in July 2007, and took operational control of the bank. The deal also includes an option allowing BNP Paribas to purchase additional shares up to 51% of Sahara's capital over the next three to five years. In November 2007, Five foreign banks were shortlisted for the privatization of Wahda Bank, including French, Italian, Jordanian, Bahraini and Moroccan institutions. They are bidding on a 19% of the share of Wahda Bank, with the option to increase their ownership to 51% in three to five years. The Central Bank announced in October 2007 that it would merge Umma Bank and Jamahiriya bank into a single entity; that process is still ongoing. The Central Bank also owns the Libyan Foreign Bank, which operates as an offshore bank, with responsibility for satisfying Libya's international banking needs (apart from foreign investment). In addition, there are four specialized banks owned by the General People's Committee for Finance: the Agricultural Bank, Real Estate Investment Bank, Development Bank and Reefi Bank. There are also four substantial private banks (Bank of Commerce and Development, Amen Bank, Al-Jimaa al-Arabi Bank and Wafa Bank) and forty-eight smaller regional banks.

The availability of financing on the local market is weak. Libyan banks can only offer limited financial products, loans are often made on the basis of personal connections (rather than business plans), and public bank managers lack clear incentives to expand their portfolios. Lack of financing acts as a brake on Libya's development, hampering both the completion of existing projects and the start of new ones. This has been particularly damaging in the housing sector, where particularly small-scale projects often languish for lack of steady funding streams.

The Libyan banking system is currently undergoing a substantial modernization program to upgrade available services/products, deal with large numbers of non-performing loans, establish a functioning national payments system, facilitate the use of non-cash payment instruments and institute new standards of accounting and training. While foreign banks are technically able to enter the Libyan market under the Banking Law of 2005, the Central Bank has sought to delay their entry until the reform process has taken hold.

Political Violence Return to top

Libya has experienced some political violence in the recent past, including during the Danish cartoon controversy in February 2006. A demonstration in Benghazi on February 17, 2006 escalated into violence, resulting in the deaths of at least ten people, severe damage to the Italian consulate and a number of businesses. U.S. interests in Libya have not been targets of political violence since the reestablishment of diplomatic ties in late 2003. Peaceful demonstrations, small and large, do occur periodically.

The government of Libya takes active measures to maintain public security, and to prevent terrorist attacks. Recent worldwide terrorist alerts have stated that extremist groups continue to plan terrorist attacks against U.S. interests in the Middle East region, including Libya. Visitors to Libya should consult the Department of State’s latest travel information on Libya and the region at http://travel.state.gov/travel/cis_pa_tw/cis_pa_tw_1168.html.

Corruption Return to top

Despite high-profile campaigns attempting to draw attention to the issue, corruption remains rampant in Libya. Corruption frequently takes the form of openly solicited or thinly veiled requests for payoffs and/or valueless intermediation. This could include approvals for basic bureaucratic processes, including issuance of permits and access to scarce government services. Given the state of bureaucratic inefficiency and low salaries for government employees in Libya, these types of transactions are generally viewed as a necessary part of doing business by local operators. Moreover, there is a general public perception that such interventions are essential to ensure the best pricing, service, etc. This tendency serves to reinforce the importance of personal connections and insider knowledge in the conduct of day-to-day business operations.

Non-governmental organizations (NGOs) are not allowed to operate in Libya, so no international, regional or NGO "watchdog" organizations operate in Libya. Several websites critical of government corruption are operated by Libyan dissidents located outside of the country. Libya is a signatory to the UN Convention Against Corruption (UNCAC), but there has been little evidence of its implementation.

The government has established the "Administration Monitoring Board" as the responsible Libyan agency for the oversight of government activities for the prevention of corrupt practices. There has also been a public push for transparency on the part of high-ranking government officials. A series of speeches by Muammar al-Qadhafi during late 2006 set down a four-month window for all officials occupying senior government positions to declare all of their earnings and assets or risk unspecified punitive action by the state. As of January 2007 this deadline was extended for several months, and there were reports of arrests of leading businessmen on allegations of corrupt practices. However, there was no clarity as to whether these actions were directly related to Qadhafi's ultimatum. The Leader and his son, Seif al-Islam al-Qadhafi, did address corruption in broad terms in a number of other public remarks made in 2007.

Bilateral Investment Agreements Return to top

There are no bilateral investment agreements in force between the U.S. and Libya. USTR made its first-ever visit to Libya in February 2007. Libyan officials followed-up on these discussions in November 2007 in Washington, and both sides agreed to explore the conclusion of an agreement. Libya has also stated its interest in concluding a treaty for the avoidance of double taxation with the U.S.

Libya has concluded a number of bilateral economic cooperation agreements with EU member states, and with Turkey, Tunisia, France, Italy, Kenya, Singapore and others. The terms of these agreements vary, ranging from MOUs with no binding aspects to more substantial agreements that grant "most favored nation" trade benefits and joint investment funds. Libya has concluded a number of tax treaties, including a new agreement with the UK in late 2007.

Libya is a member of the 1989 Arab Maghreb Union (AMU) linking Tunisia, Algeria, Morocco, Mauritania and Libya. The AMU's stated objectives include the encouragement of free movement of goods and people, revision and simplification of customs regulations, and movement towards a common currency. Nominally, AMU mandates duty-free trade among its members. Disputes between AMU members have stood in the way of much concerted action. Libya is also a founding member of the Community of Sahel-Saharan States (CEM-SAD). CEN-SAD's Secretariat and the CEN-SAD Bank for Investment and Trade are both headquartered in Tripoli. CEN-SAD is dedicated to creating an economic union among its 23 member states, although it has not made great progress toward this goal. Citizens of CEN-SAD member countries are afforded the use of dedicated immigration stalls upon arrival at Libya's major airports.

Libya is a part of the Greater Arab Free Trade Area (GAFTA, also called PAFTA, Pan Arab Free Trade Agreement) and the Euro-Med Partnership (EMP), also known as the "Barcelona Process," a dialogue between the European Union and 12 Mediterranean countries. The Barcelona Declaration of November 27, 1995 outlined goals of reducing political instability and increasing commercial integration. In 1999, 27 EMP partners agreed to admit Libya contingent on Libya's accepting the Barcelona acquis. In February 2004 Libya announced its intention to join the Barcelona process in full, but no formal Libyan request has been made to date.

USTR: http://www.ustr.gov

CEN-SAD: http://www.cen-sad.org/

AMU: http://www.maghrebarabe.org/en/

OPIC and Other Investment Insurance Programs Return to top

President Bush waived bans on Export-Import Bank (EXIM) activities in Libya on February 28, 2006, and EXIM has conducted two visits to Libya since that time. EXIM offers financing assistance to US export projects with Libyan government-owned entities in three areas: the aviation sector, project finance (requiring predictability and hard revenue streams) and projects backed by the full faith and credit of the Libyan government (i.e., a "sovereign guarantee") for loan repayment.

The Overseas Private Investment Corporation (OPIC) does not as yet offer financing or guarantees for U.S. business activity in Libya. A senior-level OPIC delegation visited Libya at the end of September, 2005 to discuss with Libyan authorities a proposed bilateral agreement, and Deputy Foreign Minister Mohammed Siala met with OPIC officials in Washington, DC in November 2007 to discuss the issue further.

OPIC: http://www.opic.gov/

EXIM: http://www.exim.gov/

Labor Return to top

While official figures put the unemployment rate at 13%, unofficial estimates place the real rate between 35 and 40%. Libya's labor force numbers roughly 1.3 million persons, roughly 31% of whom work in industry, 27% in services, 24% in government and 18% in agriculture. Despite laws prohibiting moonlighting by civil service employees, many government functionaries hold multiple jobs. The majority of Libyan women hold some form of employment outside the home. Libyan labor law stipulates minimum wage, working hours, night shift regulations, dismissal and training. Laws governing dismissal are reasonably strict, and favor the employee.

Foreign workers make up a significant percentage of the Libyan labor pool, particularly in the service industries and manual labor jobs. During the 1980's, the Libyan government increased pressure on foreign workers and contractors, which it saw as consuming valuable foreign exchange and contributing to a growing unemployment problem. In 1983, 560,000 foreigners worked in Libya; by 1986, the number dropped to less than 200,000. As oil revenues rebounded in the early 1990's and Libya increased its profile on the African continent, Col. Qadhafi announced an "open borders" policy, prompting a massive influx of work-seekers from Chad, Ghana, Niger, and other Sub-Saharan African states. Unable to find work in Libya, many of these immigrants have continued northward and have contributed to the economic migrant problem in Southern Europe. Migrants from Egypt also make up a sizable portion of Libya's informal labor force. With mounting pressure from the EU, and rising unemployment at home, Libya has in the past resorted to deportation. In early 2007, officials announced a series of measures to reduce the presence of illegal workers in Libya. In late 2007, the Egyptian border was closed to migratory workers. The Secretary of the GPC for Manpower, Employment and Training has called on all Libyan and foreign employers to ensure the legality of their employees under Labor Law No. 58, including the warning that failure to do so will result in punishment ranging from fines, to withdrawal of work permits, to imprisonment.

Law No. 15, passed in 1981, capped government salaries at between 150 and 500 Libyan Dinars (LD) per month, depending on grade. There had been no cost of living adjustment from that date until 2006, when several changes were instituted to raise minimum salaries in the public and private sectors. GPC Decision No. 277 of 2006 set basic government salaries at: 130 dinars for persons without dependents, 180 dinars for families of two members, and 220 dinars for a family of three of more members. Additional GPC Decisions during 2007 raised minimum salaries for other categories of employees, including corporations not financed by the central government, and removed a pay cap in place for many types of work outside of the public sector. There were also targeted pay raises for, inter alia, Libyan employees of state energy companies, healthcare workers and teachers.

Independent trade unions and professional associations are illegal in Libya. While workers do not have the right to form unions, they are allowed to participate in an organization called the National Trade Unions' Federation, created in 1972. Collective bargaining does not exist in any meaningful sense, as labor law requires government approval for all related actions.

Unemployment is a major policy concern for the Libyan government, particularly in light an expected increase in the pace of privatization, which would inevitably release large numbers of state-salaried employees onto the market. Proposals have been discussed for the creation of mechanisms such as an early retirement fund, vast re-tooling/re-training programs, and the creation of some form of social safety net. There have been some government actions to provide shares in public and private companies to "those Libyans deprived of wealth," as well as the announcement by Seif al-Islam al-Qadhafi of the institution of government-funded savings accounts for Libyans born after August 2007. Also, in January 2007, the GPC coupled its announcement of the liquidation of 400,000 Libyan government positions over a three-year period with news that the incumbents could either draw their regular salary or take a $43,000 loan designed to finance start-up costs of a small business.

The government directly intervenes in the hiring practices of foreign companies operating in Libya. For example, a 2006 decree ordered that all foreign oil companies must hire a Libyan national Deputy County Manager and Finance Manager. The National Oil Corporation also regularly assigns unqualified Libyan workers to foreign energy companies. Foreign companies have generally responded to this imposition in one of two ways: paying these individuals without expecting them to work, or undertaking an extensive training program to bring them up to a basic industry standard. Companies also receive lists of unemployed workers from the General People's Committee for Manpower and are requested to voluntarily find positions for them.

Foreign-Trade Zones/Free Ports

Return to top

Misurata, 210 km east of Tripoli, is the location of Libya's sole operating Free Trade Zone (FTZ). Projects in the free zone enjoy standard "Five Freedoms" privileges, including tax and customs exemptions. At present, the zone occupies 430 hectares, including a portion of the Port of Misurata. As of the end of 2007, the infrastructure for the free zone was still under development. Dubai's Jafza International signed an agreement with the Misurata FTZ Authority in October 2007 which commits both sides to explore the possibility of forming a joint venture, or granting Jafza a 30-year concession of over the FTZ. Later in the same month, Libya's General People's Committee announced plans to allocate roughly $700 million to upgrade the free zone's facilities.

http://www.mfzly.com/en.htm

Foreign Direct Investment Statistics

Return to top

Reliable foreign direct investment statistics for Libya are currently unavailable. Foreign energy companies have invested billions of dollars in the Libyan oil and gas sectors since the lifting of UN sanctions in 2003 and U.S. sanctions the following year. Libya has announced vast new development projects, including a November 2007 pronouncement that it would spend 150 billion dinars ($123.4 billion) on public works over the next five years. Few specific plans or sources of the required funds have been disclosed.

Web Resources

Return to top

Libyan Foreign Investment Board: www.investinlibya.com

Libyan Investment Website: www.libyaninvestment.com

Libyan Central Bank: http://www.cbl-ly.com/eindex.htm

Transparency International: http://www.transparency.org/

USTR: http://www.ustr.gov

CEN-SAD: http://www.cen-sad.org/

AMU: http://www.maghrebarabe.org/en/

Overseas Private Investment Corporation (OPIC): http://www.opic.gov/

Export-Import Bank of the U.S.: http://www.exim.gov/

Misurata Free Trade Zone: http://www.mfzly.com/en.htm

Return to table of contents

Return to table of contents

Chapter 7: Trade and Project Financing

How Do I Get Paid (Methods of Payment)

Return to top

The most commonly used method of payment is Letters of Credit. The Libyan Central Bank has made an effort to authorize Libyan bank branches to issue LOCs on a more expedited basis, although the process can still be relatively slow. In general, payment intervals have improved for state-to-private sector deals, although delays of six months or more are not uncommon.

How Does the Banking System Operate

Return to top

The availability of financing on the local market is weak. The highly-centralized Libyan banking system can only offer limited financial products, loans are often made on the basis of personal connections (rather than business plans), and public bank managers lack incentives to expand their portfolios.

The Libyan banking system is currently undergoing a substantial modernization program to upgrade available services/products, deal with large numbers of non-performing loans, establish a functioning national payments system, facilitate the use of non-cash payment instruments and institute new standards of accounting and training. While foreign banks are technically able to enter the Libyan market under the Banking Law of 2005, the Central Bank has sought to delay their entry until the reform process has taken hold.

Libyan Central Bank: http://www.cbl.gov.ly/en/

Libyan Banking Laws: http://www.cbl.gov.ly/en/listview/index.php?cid=69

Libyan Foreign Bank: http://www.lafbank.com

Umma Bank: http://www.umma-bank.com

Bank of Commerce and Development: http://www.bankofcd.com/Default.asp

Aman Bank for Commerce and Investment: http://bk.abci-ly.com/en/index.aspx

British Arab Commercial Bank: http://www.bacb.co.uk/

Wahda Bank: http://www.wahdabank.org/english/index.asp

Qatar National Bank: http://www.qnb.com.qa

HSBC: http://www.hsbc.com/1/2/about-hsbc/international-network/middle-east-and-africa/libya

Foreign-Exchange Controls Return to top

From February 1999 to December 2001, Libya maintained a dual exchange rate, with the official rate pegged to a Special Drawing Right (SDR) at the rate of 1LD=.608 SDRs. State import agencies effected transactions using the official rate. Since 2001, the Libyan Dinar has been unofficially pegged to the U.S. Dollar (allowed to float within a specified band). With a 50% devaluation of the official rate in 2002, the two rates were effectively unified. A further 15% devaluation took place in June of 2003. In June of the same year, Libya agreed to the terms of IMF Article IV consultations, which called for, among other things, the end to advanced import requirements and an end to the 15% exchange tax and subsidy.

Individuals with residence permits are permitted to hold foreign currency in Libyan accounts. Non-residents working in Libya may open domestic accounts, in which to hold earnings. Central Bank approval is required for all other credits to non-resident accounts. Per-transaction withdrawals are limited to 5,000 USD in cash and 10,000 USD in travelers' checks.

The right to open an account in a convertible currency in a Libyan commercial bank is provided for companies entering Libya under Law No. 5. The Libyan Banking Law (Law No. 1 of 2005) allows any Libyan person or entity to retain foreign exchange and conduct exchanges in that currency. Libyan commercial banks are allowed to open accounts in foreign exchange and conduct cash payments and transfers (including abroad) in foreign currency. Commercial banks operating in Libya may grant credit in foreign exchange and transact in foreign exchange among themselves. Entities engaging in foreign exchange must be licensed by the Central Bank. Foreign exchange facilities are available at most large hotels and airports. The importation of currency must be declared at time of entry. It is illegal to import or export Libyan Dinars.

U.S. Banks and Local Correspondent Banks Return to top

There are no U.S. banks with branches in Libya. HSBC, through the British Arab Commercial Bank, has a representative office in Tripoli.

Feasibility Studies: The U.S. Trade and Development Agency (www.tda.gov) facilitates economic development in emerging markets by promoting US partnerships in high-priority overseas projects. USTDA does not at this time offer funding for Libya-targeted feasibility studies. Consult the Embassy for updates.

OPIC: Overseas Private Investment Corporation (http://www.opic.gov/) typically provides loan guarantees, trade financing as well as insurance against political and currency risk. A senior-level OPIC delegation visited Libya at the end of September, 2005 to discuss with Libyan authorities a proposed bilateral agreement, and Deputy Foreign Minister Mohammed Siala met with OPIC officials in Washington, DC in November 2007 to discuss the issue further. OPIC does not as yet offer financing or guarantees for U.S. business activity in Libya.

ExIm Bank: The U.S. Congress has approved a measure lifting a ban on U.S. Export-Import Bank loans to Libya. ExIm Bank now offers financing assistance to US business projects with Libyan government-owned entities in three areas: the aviation sector, project finance (requiring predictability and hard revenue streams) and projects backed by a Libyan government "sovereign guarantee" of loan repayment. For further information, consult http://www.exim.gov

Project Financing Return to top

Libya suffers from a lack of good options for project finance. Project financing is available through a few foreign commercial banks, although terms and conditions are often difficult. Most recently, Arab Banking Corporation (ABC), Amen Bank, Standard Bank Plc, the Islamic Banking Corporation and APICORP have provided financing for projects in Libya.

A letter of credit may not be issued by a local bank without a minimum advance deposit of 20% of the value of the imported goods. U.S. firms have reported some delays in opening LCs, due primarily to differing expectations between U.S. and Libyan financial institutions regarding procedure and information requirements.

Web Resources Return to top

Libyan Central Bank: http://www.cbl.gov.ly/en/

Libyan Banking Laws: http://www.cbl.gov.ly/en/listview/index.php?cid=69

Libyan Foreign Bank: http://www.lafbank.com

Umma Bank: http://www.umma-bank.com

Bank of Commerce and Development: http://www.bankofcd.com/Default.asp

Aman Bank for Commerce and Investment: http://bk.abci-ly.com/en/index.aspx

British Arab Commercial Bank: http://www.bacb.co.uk/

Wahda Bank: http://www.wahdabank.org/english/index.asp

Qatar National Bank: http://www.qnb.com.qa

HSBC: http://www.hsbc.com/1/2/about-hsbc/international-network/middle-east-and-africa/libya

Export-Import Bank of the United States: http://www.exim.gov

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: http://www.opic.gov

Trade and Development Agency: http://www.tda.gov/

SBA's Office of International Trade: http://www.sba.gov/oit/

USDA Commodity Credit Corporation: http://www.fsa.usda.gov/ccc/default.htm

U.S. Agency for International Development: http://www.usaid.gov

Return to table of contents

Return to table of contents

Chapter 8: Business Travel

Business Customs Return to top

Traditionally, most business transactions took place with state organizations, however with the move toward greater privatization, business is increasingly being done with private citizens. English is widely understood and used in business circles, although it is government policy for all official documents to be in Arabic. Appointments are necessary and business cards are useful though not necessarily widely used. Suits and ties are generally worn, although casual business attire is acceptable during the hotter months. For women, shirts and tops should ideally reach elbow-level or below. Dresses that show shoulders or legs are not considered appropriate for business. While the number of ATMs located in Libya has grown considerably in the past two years, they are still relatively few in number, and most are still unreliable. Most hotels, transportation companies, restaurants, businesses and many locally-operating airlines only accept cash for payment. Travelers are advised to bring sufficient cash in U.S. dollars or Euros for conversion at a local bank to cover their stay in country.

Some additional considerations for doing business in Libya:

Relationships and front-dealing are key: The Embassy has seen many ventures fail because U.S. counterparts attempted to run a project remotely, and/or with limited resources. If you are serious about the market, seriously consider assigning someone here permanently. Corollary: Libyans may be offended if you choose to assign someone as GM or local representative who is not a U.S. citizen.

Corruption: Despite high-profile campaigns attempting to draw attention to the issue, corruption remains rampant in Libya. Corruption frequently takes the form of openly solicited or thinly veiled requests for payoffs and/or valueless intermediation. This could include approvals for basic bureaucratic processes, including issuance of permits and access to scarce government services. Given the state of bureaucratic inefficiency and low salaries for government employees in Libya, these types of transactions are generally viewed as a necessary part of doing business by local operators. Moreover, there is a general public perception that such interventions are essential to ensure the best pricing, service, etc. This tendency serves to reinforce the importance of personal connections and insider knowledge in the conduct of day-to-day business operations.

Gain a thorough knowledge of local business laws and requirements before making sales commitments: The Embassy typically recommends that those investigating market potential in Libya speak with a qualified local lawyer.

Visas: U.S. citizens routinely experience considerable delays in obtaining Libyan visas, from several weeks to months. U.S. businesses are advised to apply well in advance of travel. You may wish to consider employing the services of a visa expediter (see section on Visas).

Give forethought to method and timing of payments: While Libyan firms are becoming more timely and reliable with payment, one should not take it as given that payment will be made. Lump sum payments are notoriously difficult to amend.

Think carefully about your target market: Libya constitutes a reasonably limited market; that said, the country has potential to be a base for regional operations. Consider engaging one of a small number of high-quality market research companies and/or their Western affiliates to assist with market sizing and sales projections.

Begin official processes early: Most processes that require official sanction or approval have a lengthy gestation (2-24 months). If you know your business requires registration of a branch office, for example, start the process early, as you can always annul the application.

“Final” contracts: The Embassy is aware of numerous instances where an official Libyan government tender decision has been pulled back for additional review, delaying a final decision for months. Companies should try to exercise patience with this process and be prepared for additional negotiations on contract terms.

Be mindful of the limitations of local partners: There is a shortage of skilled workers, and many Libyan firms lack capacity, particularly in technical fields. Do not assume local partners have the capacity to support complex projects.

Small things may have large consequences: Business etiquette is very important in Libya. Respect for hierarchy is important, as expressed through the use of appropriate titles (from “Engineer” to “Doctor” or “Director”).

Start small, think long-term: Relationships take time to build, especially if your product has no prior brand-name recognition in Libya. Think about partnering with another foreign firm with a more established local presence, or entering into small-scale agreements to test the market. Lower, sustained investment of personnel and time tends to be more effective at generating business in Libya, than larger sums and dramatic expressions of interest, managed from a distance.

Differentiation factors: Consider emphasizing sales techniques and services that are both suited to the local market, and long-absent. For example, several firms have found showrooms offering after-sale service an effective differentiator.

Advertising: There are regulations on the books governing advertising which are wholly foreign to Western businesses. Before spending on "conventional" advertising, look at what others in similar industries have been able to do, and think creatively.

Identify parties with the power to issue and sign contracts

Training is key: Government bodies (tender-issuers, most likely) are seeking means to re-tool and re-assign workers. Integrating well-considered training plans into bids is likely to generate good will and increase the appeal of submitted bids.

Consult the Embassy: The U.S. Embassy Commercial Section will do its best to respond to all serious inquiries in a timely manner.

Travel Advisory

Return to top

Americans who apply for Libyan visas are experiencing significant delays, often waiting several weeks or months if their applications are approved at all. Inconsistent Libyan visa practice is subject to change without notice and visa service to American citizens is often blocked without warning. With few exceptions, Libya has stopped issuing tourist visas to Americans.

All travelers are encouraged to consult the following website for information on passport (including an Arabic translation requirement) and visa issues:

http://travel.state.gov/travel/cis_pa_tw/cis/cis_951.html

Visa Requirements

Return to top

For visa requirements for entering Libya, refer to the following website:
http://travel.state.gov/travel/cis_pa_tw/cis/cis_951.html

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: http://travel.state.gov/visa/index.html

United States Visas.gov: http://www.unitedstatesvisas.gov/

U.S. Embassy Tripoli Consular Section:
Information for Travelers: http://libya.usembassy.gov/general_travel_info.html
Visas to the U.S.: http://libya.usembassy.gov/iv_info.html

Telecommunications

Return to top

There are a number of services available. Landlines are available in hotels and offices although public phone booths are rare. There are two mobile phone networks, Madar and Libyana, and coverage is generally adequate, particularly in major urban areas. Internet, fax and international calls can be made through many hotels and private communications centers are available in most urban areas. Connecting calls to Libya from abroad can be difficult.

Transportation

Return to top

Internal Flights:

There are four Libyan airlines, three of which are state-owned and operated: Libyan Airlines (LA), Air One Nine, and Afriqiya. For its punctuality and acceptable service Buraq, the sole 'private' operation of the group, has been a darling of the Libyan private sector. Buraq took delivery of the first of its three new Boeing 737-800s in November 2006, marking the first purchase of newly-manufactured aircraft by a Libyan airline since 1979. For many internal destinations, Libyan Airlines is the sole option. Various tour companies run charters to destinations such as Ghat and (occasionally) Ghadames, particularly during local festivals.

Oilfield Flights:

Several locally-operating airline companies offer regular charters to and from airfields in and around major oilfield installations. Contact airlines directly for further information.

Road Transport:

The incidence of fatal car crashes in Libya is considered very high, even by regional standards. Visitors to Libya would do well specifically to request skilled and careful drivers for any substantial trip in-country.

Taxi cabs are the best form of public transportation. They usually carry passengers anywhere in the city and to other cities if plans are made in advance. There is a network of private mini-buses operating in Tripoli but knowledge of their routes is required (no maps or bus/route numbers). However, it is not advisable to use them due to their generally unsafe operation and maintenance standards. Inter-city travel is possible on long-haul shared taxis/mini-buses, but this is not recommended.

The U.S. Department of State puts out consular information sheets, public announcements and travel bulletins which one can access by phone, toll free: 1-888-407 4747, or via the Internet: http://travel.state.gov

Language

Return to top

Arabic is the official language, some English and Italian are spoken.

Health

Return to top

While some health care providers have been trained in the United States or Europe, basic modern medical care and/or medicines may not be available in Libya. Many Libyan citizens prefer to be treated outside of Libya for ailments such as heart disease and diabetes. A representative list of healthcare providers is available at the U.S. Embassy Tripoli's website at http://libya.usembassy.gov/medical_information.html.

Information on vaccinations and other health precautions, such as safe food and water precautions and insect bite protection, may be obtained from the Centers for Disease Control and Prevention's hotline for international travelers at 1-877-FYI-TRIP (1-877-394-8747) or via the CDC's Internet site at http://www.cdc.gov/travel. For information about outbreaks of infectious diseases abroad consult the World Health Organization's (WHO) website at http://www.who.int/en. Further health information for travelers is available at http://www.who.int/ith.

The Department of State strongly urges Americans to consult with their medical insurance company prior to traveling abroad to confirm whether their policy applies overseas and whether it will cover emergency expenses such as a medical evacuation. Please see our information on medical insurance overseas: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1470.html

International product safety standards are not enforced in Libya. Many of the water sources (both tap and bottled) contain high levels of nitrates (a possible carcinogen), salts and heavy metals. Many pesticides in use in Libya are banned in Europe and the U.S. As a result, long term (and short term) visitors are advised, when possible, to wash edible-peel fruits and vegetables thoroughly before eating, and to avoid consuming greenhouse-grown (off-season) fruits and vegetables. Hepatitis A & B and tuberculosis are widespread in Libya; there are no reliable statistics on the rate of HIV infection. Many international companies use the Libyan-Swiss Diagnostic Center, Medi-Link Clinic or the St. James Clinic for routine care.

St. James Clinic: http://www.stjameshospital.com/

Libyan-Swiss Diagnostic Center: http://www.lsdc.med.ly/en/facilities/pharmacy.htm

Medi-Link Clinic: http://www.medilinkint.com/services/emertripoli.asp

Al-Afia Clinic: http://www.alafiaclinic.com/english/index.htm

Local Time, Business Hours, and Holidays

Return to top

Major Libyan secular holidays are as follows:

Declaration of the Authority's Power (People Power) – March 2

Evacuation of Foreign Military Bases – June 11
Anniversary of the Revolution of 1969 – September 1

The following religious holidays are also observed. Actual dates are based on the lunar calendar and vary from year to year

Islamic New Year
Prophet's Birthday
Ramadan
Eid Esseghir (El-Fitr)
Eid El Kebir (El-Idha)

Work Hours:
Private sector – Saturday-Thursday:
8 am – 3 pm & 5 pm – 8 pm

Public sector – Sunday-Thursday:
Summer (April 1st – September 30th): 7:30 am – 3:30 pm
Winter (October 1st – March 31st): 8 am – 3:30 pm

Working hours are shorter during July/August and the month of Ramadan.

Local time is GMT + 2 hours.

Web Resources

Return to top

Embassy Tripoli Travel Site: http://libya.usembassy.gov/general_travel_info.html

Embassy Visa Site: http://libya.usembassy.gov/iv_info.html

Embassy Health Site: http://libya.usembassy.gov/medical_information.html

St. James Clinic: http://www.stjameshospital.com/

Libyan-Swiss Clinic: http://www.lsdc.med.ly/en/facilities/pharmacy.htm

Medi-Link Clinic: http://www.medilinkint.com/services/emertripoli.asp

Al-Afia Clinic: http://www.alafiaclinic.com/english/index.htm

U.S. State Dept. Travel: http://travel.state.gov/travel/cis_pa_tw/cis/cis_951.html

U.S. State Dept. Visa Site: http://travel.state.gov/visa/index.html

U.S. Government Visa Site: http://www.unitedstatesvisas.gov/

U.S. Center for Disease Control – Foreign Travel: http://www.cdc.gov/travel

World Health Organization: http://www.who.int/en

Return to table of contents

Return to table of contents

Chapter 9: Contacts, Market Research, and Trade Events

- Contacts
- Market Research
- Trade Events

Contacts Return to top

U.S. Embassy in Tripoli, Libya

The U.S. Commercial Service does not at present have a representative in Libya. Commercial inquiries are currently handled by the Political/Economic Section of the Embassy. Contact the Embassy via email, tripoliecon@state.gov.

The Embassy in Tripoli also maintains a set of business contact information for Libya, which can be accessed at: http://libya.usembassy.gov/uploads/images/G024lOjMFU-hWc6Vmqslkw/Contact_List.pdf

The U.S. Foreign Commercial Service (FCS) in Cairo, Egypt:

The U.S. Embassy in Tripoli maintains a partnership with the U.S. Commercial Service office in Cairo, which allows us to offer a very limited range of for-fee services. Effective April 1, 2006, the U.S. Commercial Service office in Egypt will offer a limited Gold Key and International Company Profile services through contractors in Libya. Information is available at: http://www.buyusa.gov/egypt/en/businesslibya.html

Market Research Return to top

To view market research reports produced by the U.S. Commercial Service please go to the following website: http://www.export.gov/marketresearch.html and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

`Trade Events Return to top

To view market research reports produced by the U.S. Commercial Service please go to the following website: http://www.export.gov/marketresearch.html and click on Country and Industry Market Reports. Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge. Please click on the link below for information on upcoming trade events: http://www.export.gov/tradeevents/index.asp

NOTE: Conference topics, times and dates are subject to change at short notice. Consult the Embassy or U.S. Department of Commerce for updates.

Upcoming Commercial Events:

Tripoli International Motor Show
1-8 March 2008
http://www.biztradeshows.com/libya/tripoli/
http://www.eventseye.com/fairs/trade_fair_event_9827.html

Tripoli International Fair
1-11 April 2008
www.gbf.com.ly

Healthcare Libya 2008
The 6th Tripoli Exhibition for Healthcare
5-7 May 2008
http://www.wahaexpo.com/exhibitions.htm

Libya Tourism Exhibition
12-15 May 2008
http://www.biztradeshows.com/libya/tripoli/

Libya Build 2008
The 5th International Building & Construction Exhibition
19-22 May 2008
http://www.africantigers.com/

TAQNYA 2008
The 4th Annual Exhibition For Telecommunication and Information Technology
27-30 May 2008
http://www.wahaexpo.com/exhibitions.htm

AGROLIBYA 2008
The 2nd AGRO Libya
23-26 June 2008
http://www.wahaexpo.com/exhibitions.htm

TIFA 2008
The 3rd Libya International Fair for Advertising, Printing and Marketing
21-24 July 2008
http://www.wahaexpo.com/exhibitions.htm

Motorshow Libya 2008
The 2nd Libya Motorshow
5-7 August 2008
http://www.wahaexpo.com/exhibitions.htm

LibDex 2008
Libyan Defense and Security Exhibition
October 10-13 2008
http://www.wahaexpo.com/exhibitions.htm

TOG 2008
The 4th Technology of Oil and Gas Forum and Exhibition
21-23 October 2008
http://www.wahaexpo.com/exhibitions.htm

Libya Food Expo
2nd Libya Food Expo
16-19 November 2008
http://libyafoodexpo.ly/
http://www.almutwasetexpo.com/

Skyline Libya 2008
The 1st International Architecture and Real Estate Development Exhibition
24-26 November 2008
http://www.wahaexpo.com/exhibitions.htm

B-Tech Libya 2008
The 2nd International Banking, Financial Sector & Investment Exhibition and Conference
24-26 November 2008
http://www.africantigers.com/

2nd Libyan Economic Forum
(Dates TBD)
http://www.ibcgulfconferences.com

Infrastructure Libya
16-19 February 2009
http://www.montex.co.uk/index2.php
http://www.infrastructurelibya.com

Oil and Gas Libya
16-19 February 2009
http://www.montex.co.uk/index2.php
http://www.oilandgaslibya.com

LAVEX 2009
Libya Aviation Exhibition
October 5-8 2009
http://www.wahaexpo.com/exhibitions.htm

Return to table of contents

Return to table of contents

Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

http://www.buyusa.gov

Return to table of contents