



Trade Mission to Libya and Algeria

Tripoli, Libya and Algiers, Algeria

November 4–8, 2009

MISSION DESCRIPTION: The United States Department of Commerce, International Trade Administration, U.S. and Foreign Commercial Service (USFCS) is organizing a Trade Mission to Tripoli, Libya and Algiers, Algeria November 4-8, 2009, to help U.S. firms find business partners and sell equipment and services in these markets. This mission will be led by a senior Commerce official. Targeted sectors include, but are not limited to, energy, infrastructure projects, information technology, environmental technology, and safety and security. The mission's goal is to provide U.S. participants with first-hand market information, access to government decision makers as appropriate, and one-on-one meetings with business contacts, including potential agents, distributors and partners, so that they can position themselves to enter or expand their presence in these markets.

COMMERCIAL SETTING:

Libya: Two-way trade between the United States and Libya has surged since 2004, with the easing of U.S. sanctions on Libya. U.S. merchandise exports have grown from US\$39 million in 2004 to US\$721 million in 2008, consisting mostly of machinery, vehicles, iron/steel, cereals, and electrical machinery.

Libya's per capita gross domestic product (GDP) is one of the highest in Africa (US\$12,400), and the Libyan government has budgeted over US\$80 billion for infrastructure development, focusing on a number of large projects relating to residential housing, highways, railways, telecommunications, and irrigation. Libya's government is making efforts to diversify the economy and encourage private-sector participation in new manufacturing and service activities in the country. As Libya moves forward with its transition towards more private-sector led growth, the country holds potentially rich trade opportunities in almost every sector of the economy, from oil and gas to agriculture to telecommunications, medical equipment and services, education, and tourism.

Libya has a business culture where deals are made on the strength of personal contacts. This trade mission offers U.S. company representatives an excellent

introduction to a broad range of Libyan officials as well as an opportunity to begin identifying appropriate business partners.

Best Prospects in Libya:

Energy: The Libyan economy is dominated by the energy sector, which accounted for 90 percent of export earnings, about one quarter of GDP and 60 percent of public sector wages. The market is highly competitive, and more than forty foreign energy sector companies, are active in Libya. Libya has high oil and gas reserves, and the Government has announced its intention to increase current oil production of 1.7 million barrels per day to its pre-sanctions rate of 3 million barrels per day by 2013. Libya's proven gas reserves amount to at least 46.4 trillion cubic feet, placing it 14th in the world; potential reserves are as high as 70-100 trillion cubic feet. Until relatively recently Libya did little with its considerable gas reserves, but National Oil Company Chairman Shukri 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 both to export more gas and to increase its use to satisfy domestic energy needs (thereby freeing up additional oil for export).

Power demand is growing rapidly, by approximately 8-9 percent annually, and Libya plans to more than double current installed capacity by 2010, at a cost of over US\$3.5 billion. About 60 percent of current power stations are oil-fired, although the General Electricity Company of Libya has announced plans to make a major effort to switch to gas-fired turbines.

Infrastructure: 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 US\$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.

Information Technology: Telecommunications infrastructure development is the responsibility of the state-owned General Post and Telecommunications Company (GPTC), created in 1984. 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 launched a second, Libyana, in 2004. Libyana, which offered service at a fraction of al-Madar’s rates, quickly became the provider of choice in Libya, now providing an estimated 4 million accounts (91 percent of market share). Cell phone penetration is estimated at 75 percent. GPTC is continuously upgrading its systems and on the lookout for new technology. Additionally, there have been some indications that the government may open up the market for additional cellular service providers.

Environment: Water quality in Libya in and around the major population centers is known to be extremely poor, leaving opportunity for U.S. firms in water treatment technologies. Libya’s government has expressed increased interest in boosting the country’s desalinated water output, and several large projects have been announced as part of Libya’s five-year infrastructure development plan. The Renewable Energy and Water Desalination Research Center is currently focusing on desalination units for use in Libya’s rural communities not currently serviced by the Great Man Made River Authority. Over 60 percent of medium and large capacity desalination plants currently operating are more than 17 years old. Water, wastewater treatment, and desalination contracts valued at several hundred million dollars are expected to be awarded over the coming few years. The Great Man Made River project itself may offer opportunities for large contracting firms.

Safety and Security: While U.S. firms need to be aware of U.S. Government restrictions on the export of certain security-related products to Libya, opportunities for U.S. suppliers are projected to increase as Libya steps up efforts to improve border control and protection of public and private facilities. There is growing interest in systems for access control, identification, facilities monitoring and management, computer protection, and visual warning and location, among other applications.

Algeria: Algeria is the second largest country in Africa in terms of land mass and has the second largest population in the North Africa/Middle East region. Algeria’s market of 35 million inhabitants, energy

wealth, and growing demands for modern infrastructure have generated interest from governments and private companies around the world. Large oil and natural gas resources and an economy growing at 3-5 percent per year (2008 estimate) have generated almost US\$200 billion in foreign exchange reserves – more than any country in the region including the Gulf. In 2008, U.S. exports to Algeria totaled more than US\$1.1 billion; and the United States ranks as Algeria’s largest bilateral trading partner in the world.

The placement of the first American Commercial Counselor at the U.S. Embassy in 15 years has allowed the USFCS to better support US companies trying to take advantage of commercial opportunities in Algeria. The trade mission offers an opportunity for U.S. business representatives to meet key Algerian business leaders and government decision makers who are hungry for a stronger American private sector role in this country’s development, diversification, and economic expansion. U.S. exporters considering this region are advised to gain a foothold in this promising market.

High-level Algerian government officials and business leaders have publicly expressed their desire for greater U.S. business collaboration and involvement in major projects in a variety of sectors.

Best Prospects in Algeria:

Energy: As one of the top ten producers of oil and natural gas in the world and a member of Organization of Petroleum Exporting Countries (OPEC), Algeria’s economy is founded on hydrocarbons. Existing upstream and midstream infrastructure is aging and inadequate to meet Algeria’s near-term production goals. Two new gas pipelines to Europe will be constructed beginning in 2009. The Government of Algeria recently expressed specific interest in involving more U.S. firms in electric power generation projects, renewable energy projects including wind and solar, and modernizing/expansion of mining operations in Algeria.

Sonelgaz, Algeria’s power generation parastatal, will invest nearly US\$30 billion to expand and upgrade power generation and distribution capacity. Of the total investment, US\$5 billion will be allocated to generation, US\$8 billion to transmission, US\$3 billion to gas shipping and more than US\$6 billion to distribution. The Government-owned Sonatrach company – also a leading oil consortium – approved a US\$45 billion investment plan for 2009-12. The lion’s share – US\$20 billion – is aimed at developing the Algerian petrochemical

industry. The other major areas of investment include US\$10 billion for upstream exploration and development, US\$6 billion for hydrocarbons transportation facilities programs, and US\$1.8 billion for hygiene, safety and environmental protection.

Infrastructure Projects: Algeria is now focusing on the development of asphalt bitumen, civil engineering techniques, and technology to construct roads in arid and desert climates. The latter is particularly sought after for the upcoming high plateau East-West Highway project, which includes 23 connector roads. The Ministry has budgeted US\$66 billion for these projects expected to be completed through 2013.

Environmental: The Algerian Government will spend US\$2 billion per year on water and environmental infrastructure for the next five years for five new dams, ten desalination plants, a number of water treatment and reclamation plants, remote sensing and safety systems for Algerian dams, high-profile water transfer projects, and rural irrigation.

Safety and Security: The Government is very interested in procuring border surveillance and protection solutions, and critical site security systems for government ministries and the country's hydrocarbon infrastructure. In addition, closed circuit television, tire wreckers, and night vision capabilities are in demand, as are ID card solutions incorporating biometrics.

Information Technology: Algerians are increasingly tech-savvy and interested in acquiring expertise in the information and communications technology sector. Government ministries are interested in modernization and digitization of record-keeping. Internet usage, through businesses and Internet cafes, is estimated at over 40 percent. Mobile phones are commonplace, and Algeria is looking toward fourth-generation technology. Mobile phones, accessories, and add-on services, business-to-business information management and strategies, internet connectivity and backbone equipment and services, and global positioning systems technology and services also represent good opportunities for U.S. exporters.

MISSION GOALS: The mission's goal is to provide U.S. participants with first-hand market information, access to government decision makers as appropriate and one-on-one meetings with business contacts, including potential agents, distributors and partners, so they can position themselves to enter or expand their presence in the Libyan and Algerian markets.

MISSION SCENARIO: The Trade Mission will include two stops: Tripoli, Libya and Algiers, Algeria. In each city, participants will meet with new business contacts, learn about the markets by participating in Embassy briefings, and explore additional opportunities at networking receptions. Activities will include one-on-one meetings with pre-screened business prospects in both countries. (Note that Saturday and Sunday are part of the regular work week in Algeria.)

PARTICIPATION REQUIREMENTS: All parties interested in participating in the Trade Mission to Libya and Algeria must complete and submit an application package for consideration by the U.S. Department of Commerce. All applicants will be evaluated on their ability to meet certain conditions and best satisfy the selection criteria as outlined below. A minimum of 8 and a maximum of 20 companies will be selected to participate in the mission from the applicant pool. U.S. companies already doing business in the target markets as well as U.S. companies seeking to enter these markets for the first time are encouraged to apply.

Fees and Expenses: After a company has been selected to participate on the mission, a payment to the U.S. Department of Commerce in the form of a participation fee is required. The participation fee will be \$5,850 for a small or medium-sized enterprise (SME)* and \$6,900 for large firms. The fee for each additional firm representative (SME or large firm) is \$600, with a limit of two representatives per firm. Interpreters are included in the fee. Expenses for travel, lodging, some meals, and incidentals will be the responsibility of each mission participant. Delegation members will be able to take advantage of Embassy rates for hotel rooms.

Conditions for Participation:

- An applicant must submit a completed and signed mission application and supplemental application materials, including adequate information on the company's products and/or services, primary market objectives, and goals

* An SME is defined as a firm with 500 or fewer employees or that otherwise qualifies as a small business under SBA regulations (see http://www.sba.gov/services/contracting_opportunities/sizestandardsttopics/index.html). Parent companies, affiliates, and subsidiaries will be considered when determining business size. The dual pricing reflects the Commercial Service's user fee schedule that became effective May 1, 2008 (see <http://www.export.gov/newsletter/march2008/initiatives.html>).

for participation. If the U.S. Department of Commerce receives an incomplete application, the Department may reject the application, request additional information, or take the lack of information into account when evaluating the applications.

- Each applicant must also certify that the products and services it seeks to export through the mission are either produced in the United States, or, if not, marketed under the name of a U.S. firm and have at least 51 percent U.S. content of the value of the finished product or service.

Selection Criteria for Participation: Selection will be based on the following criteria:

- Suitability of the company's products or services to the Libyan and Algerian markets
- Applicant's potential for business in Libya and Algeria, including likelihood of exports resulting from the mission
- Consistency of the applicant's goals and objectives with the stated scope of the mission

Referrals from political organizations and any documents containing references to partisan political activities (including political contributions) will be removed from an applicant's submission and not considered during the selection process.

TIMEFRAME FOR RECRUITMENT AND APPLICATIONS:

Recruitment will be conducted in an open and public manner, including posting on the U.S. Department of Commerce trade missions calendar -- <http://www.ita.doc.gov/doctm/tmcal.html> -- and other Internet websites, publication in domestic trade publications and association newsletters, direct outreach to the Department's clients and distribution lists, posting in the Federal Register, and announcements at industry meetings, symposia, conferences, and trade shows.

Recruitment for the mission will begin immediately and conclude no later than August 1, 2009. Applications received after August 1, 2009, will be considered only if space and scheduling constraints permit.

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DISCLAIMER, SECURITY, AND

TRANSPORTATION: Delegation members participate in the trade mission and undertake related travel at their own risk and are advised to obtain insurance accordingly. Questions regarding insurance coverage must be resolved by the participant and its insurer of choice. The U.S. Government does not make any representations or guarantees as to the safety or security of participants. Companies should consult the State Department's travel warning for Algeria: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1087.html. ITA will coordinate with the U.S. Embassy in Algiers to arrange for transportation of the mission participants to and from the airport and hotel. The hotel that will be the primary venue for the mission is a luxury hotel and does have strong security measures in place. Security will be furnished by the U.S. Embassy in Algiers and private hotel security.

The U.S. Government does not make any representations or guarantees as to the commercial success of businesses which participate in this mission.

PROPOSED AGENDA

Tues., Nov. 3	Arrive in Libya Optional no-host dinner
Wed., Nov. 4	Orientation and market briefing Meetings with government and industry officials
Thurs., Nov. 5	One-on-one business appointments U.S. Embassy reception
Fri., Nov. 6	Travel from Tripoli to Algiers
Sat., Nov. 7	Orientation and market briefing Meetings with government and industry officials U.S. Embassy reception
Sun., Nov. 8	One-on-one business appointments End of mission