

# Libya



## Is Libya a good country to do business in now?

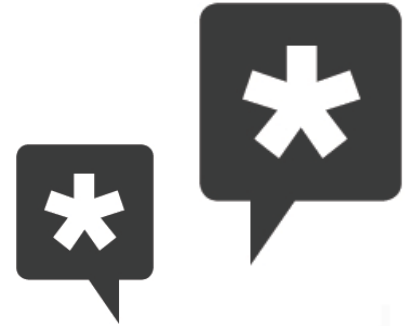
No.

### Here's why.

Libya is now considered to be at civil war. With rebel forces fighting off Gaddafi loyalist forces in oil rich towns, the situation remains fluid and difficult to predict. Prior to the war, Libya had started to open up to foreign direct investment. Libya has a well-educated and healthy population, but with no institutions of civil society, it will take a long time for stability to return to Libya if the rebels succeed in overthrowing Gaddafi. So far, France is the only nation that has recognized the rebel forces as the official government. This is an essential step in doing business in Libya. Until other nations follow suit, it will be impossible to do business there.



## Fast Facts



**Population:** 6.4 million

**Language/s:** Arabic

**Religion/s:** Islam

**Land area:** 1.77 million square km

**Currency:** Libyan dinar

**Capital:** Tripoli

**Internet domain:** .ly

**International dialing code:** +218

**Innovation ranking<sup>1</sup>:** 82 (out of 82 countries)

**Digital economy ranking<sup>1</sup>:** unranked (out of 70 countries)

### Macroeconomic indicators:<sup>1</sup>

	2010	2011
GDP (US\$)	Not available	Not available
GDP per capita (US\$)	\$14,884	Not available
Real GDP growth	5.2	6.1
Inflation (CPI)	4.5	3.5

### Economy

Libyan oil and gas licensing rounds continue to draw high international interest; the National Oil Corporation set a goal of nearly doubling oil production to 3 million bbl/day by 2012, although that timeline seems unrealistic. Libya faces a long road ahead in liberalising the socialist-oriented economy, but initial steps - including applying for WTO membership, reducing subsidies, and announcing plans for privatisation - are laying the groundwork for a transition to a more market-based economy. The non-oil manufacturing and construction sectors have expanded from processing mostly agricultural products to include the production of petrochemicals, iron, steel, and aluminium. Climatic conditions and poor soils severely limit agricultural output, and Libya imports about 75% of its food. Libya's primary agricultural water source remains the Great Manmade River Project, but significant resources are being invested in desalinization research to meet growing water demands.



# Fast Facts

## Politics

Libya is now in a state of civil war. Before war broke out, the political situation was:

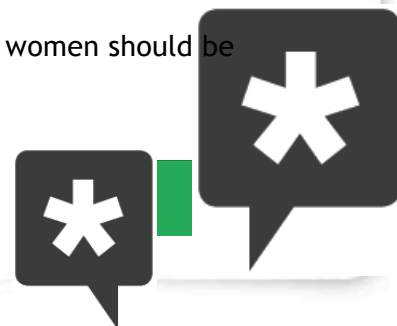
Libya was colonised by several nations over the centuries, most recently by Italy. The occupation ended after World War II and was administered by the UN before gaining independence in 1951. In a 1969 bloodless coup, Colonel Muammar Gaddafi took over the nation. He calls his brand of government, which is a blend of socialism and Islam supposedly representing direct democracy, Jamahiriya, which translates roughly as “state of the masses”.

There is a legislative branch, or General People’s Congress, which interacts with the General People’s Committee, the intermediary between the citizens and the government leaders. The judiciary is controlled by the state and is nominally based on Islamic law and there is no right to a fair public trial. In reality, Gaddafi leads an unopposed military dictatorship. Freedom of speech, press, assembly, association and religion are restricted. Independent human rights organisations are prohibited.

## Doing business

Understanding some of the customs and cultural differences of Libya makes it easier for foreigners to conduct business there:

- Shaking hands is an appropriate greeting in Libya and eye contact is important. Business cards should be printed in Arabic on one side and the visitor’s native language on the other. Libyans tend to be informal and will likely address visitors with their first names.
- Negotiation is an important part of Libyan business culture as the process serves as a vehicle for Libyans to gain honour and respect. As such, Libyans tend to be highly skilled negotiators. Delegation is rare in Libyan companies and typically one person is responsible for making key decisions.
- Like business cards, all business documents should be drafted in both Arabic and the visiting company’s native language.
- Business people should wear formal, conservative clothes and women should be careful to cover their arms and wear skirts below the knee.



## Doing business (continued)

- Offering any payment for small or large kindnesses will cause offense to Libyan hosts.
- In Libya, as in all Islamic countries, meetings must not be scheduled during the Islamic holy month of Ramadan.
- Business hours in Libya vary from season to season. Summer hours are usually between 7am and 2pm. Other times of the year, hours are 8am to 1pm and 4pm to 6.30pm. The weekend is either Thursday and Friday or Friday and Saturday.



## References

<sup>1</sup> Taken from the Economist Intelligence Unit's report: 'A new ranking of the world's most innovative countries' that ranks innovation in 82 countries. Innovation is defined as the application of knowledge in a novel way, primarily for economic benefit. Companies deem it vitally important as a competitive tool. Government policymakers see it as essential for economic growth.

<sup>1</sup> Digital economy ranking is the Economist Intelligence Unit's measure of the quality of a country's information and communications technology (ICT) infrastructure and the ability of its consumers, businesses and governments to use ICT to their benefit. When a country uses ICT to conduct more of its activities, the economy can become more transparent and efficient.

<sup>1</sup> Source: Organisation for Economic Co-operation and Development, [www.oecd.org](http://www.oecd.org) (Real GDP growth and inflation), and International Monetary Fund, [www.imf.org](http://www.imf.org) (GDP and GDP per capita). 2009 and 2010 figures are OECD and IMF staff predictions. Real GDP growth and inflation are defined in percentage change from previous period.



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