

Libya

Part 2

SUNDAY, JULY 10, 2005

Privatization leads the way to take-off

INTRODUCTION THE YEARS OF ISOLATION ARE AT AN END FOLLOWING THE LIFTING OF SANCTIONS AND, AS U.S. DOLLARS FLOOD BACK INTO THE OIL SECTOR, LIBYA IS LIBERALIZING ITS ECONOMY IN A BID TO RELAUNCH ITSELF IN THE GLOBAL MARKETPLACE.

EVEN before its acceptance back into the international community, Libya had begun moving towards a free market system. The lifting of U.S. and UN sanctions has given new impetus to the process of modernization and liberalization, and the government is actively seeking foreign investment as Colonel Qaddafi's north African state re-enters the world economy.

Officials in Tripoli are drawing up a five-year plan that will articulate economic policy up to 2011, at the center of which is an all-sector development program. The overall objectives are to free the economy from state control, stimulate the development of private enterprise, and build up the country's infrastructure.

A massive privatization program is already under way. A total of 360 state-run companies, ranging from small and medium-sized firms to major enterprises, are to be transferred to the private sector in three phases, due for completion by 2008.

Abdulgader Elkhair, Secretary of the General People's Committee for Economy and Trade, acknowledges that such a radical reorientation of the economy will bring short-term consequences. But he sees a



Roman ruins such as the ancient city of Leptis Magna could help make Libya highly marketable as a tourist destination.

brighter future ahead. He says, "We expect some difficulties in the first few years, but in the long term many new jobs will be created and if foreign investment makes its way into Libya we do not have anything to worry about."

Taher Jehaimi, Secretary of the General People's

Committee for Planning, says the challenge over the next five years will be to ensure that the privatization program is carried out in a socially responsible and economically effective manner.

The government is launching a lending program by which credit and loans are being made available on easy terms for

small- and medium-sized businesses and for home building.

Libya's economy is heavily dependent on oil, which accounts for most of its exports and for 60% of government income.

Libya is the second-largest oil producer in Africa and, inevitably, it is the oil sector, with its potential for huge new discoveries, that has attracted the most attention since the U.S. government cleared the way for a return of American investment.

However, Libya needs to move away from almost total reliance on the oil and gas industry, and to build up other sources of revenue to secure a sustainable economic future.

The government is hoping for an average growth of 5.3% in gross domestic product, excluding oil revenues, this year, and a 6.7% increase in investment. The Libyan authorities

are eager to attract foreign capital and know-how into non-oil sectors such as tourism, infrastructure, agriculture, health, and education among others.

"I do not think that the economy will come to rely on these sectors any time soon," says Dr. Jehaimi. "But they have the potential to grow and become viable contributors to the economy."

The Planning Secretary believes that Libya's economy will eventually become service-oriented. "Historically, the service sectors are those in which Libyans have excelled."

Tourism, neglected in the past, is seen as a potential high earner, once the infrastructure is in place. "We have been involved in discussions with foreign interested parties and we expect some deals to be reached with some of these investors," says Dr. Jehaimi.

Monetary and financial restructuring will be a prominent

Moves to diversify and build up non-oil sectors of the economy



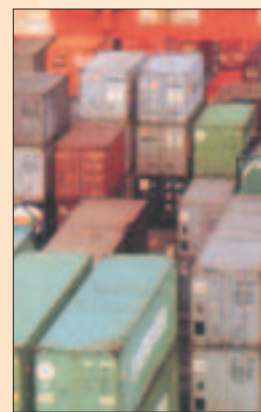
ABDULGADER ELKHAIR

Secretary of the General People's Committee for Economy and Trade



TAHER JEHAIMI

Secretary of the General People's Committee for Planning



FACTS & FIGURES

TERRAIN

More than 90% desert or semidesert

ETHNIC MAKE-UP

Arab and Berber, 97%

RELIGION

Sunni Muslim, 97%

LANGUAGES

Arabic, Italian, English, all widely understood in the major cities

GDP BY SECTOR

Industry 45.7%, Services 45.6%, Agriculture 8.7%

LABOR FORCE

1.59 million

MAIN PORTS

Tripoli, Misurata, Benghazi, Khums

AIRPORTS

139 (59 with paved runways)

Source: CIA World Factbook. All figures 2004 est.

feature of the government's new five-year plan, with the modernization of the banking sector an essential component. Recently, the General People's Congress passed a law allowing foreign commercial banks to invest in the country.

Mohamed H. Kanoun, Chairman of the General Union of Chambers of Commerce, Industry and Agriculture, says investment is the key to development. He is confident it will come. "We are doing all that we can to ensure development in all sectors of our economy. It will happen."

PRIVATIZATION LIBYANS GET THE CHANCE TO RUN THEIR OWN BUSINESSES AS PUBLIC FIRMS MOVE TO THE PRIVATE SECTOR

Offloading state firms will broaden the base of ownership

PRIVATIZATION is a sensitive and much debated issue in Libya, where concerns about social justice and economic effectiveness are matched with fears that jobs could disappear along with state subsidies when privatized firms confront the problem of over-employment.

The 360 state enterprises the government has scheduled for transfer to the private sector range from steel mills, cement plants, and engineering firms to food factories, truck and bus assembly lines, and state farms.

The government says the effect of its program will be to widen the base of ownership. The plan is to convert large numbers of Libyan workers into owners, and give a fair chance for everybody to participate in the economy.

With privatization, up to 30% of the shares of medium-sized state companies will go to the people who work in them. In the case of smaller firms, the workers could take over the whole company.

However, with a stake in the company will come responsibility. "It will be under their ownership, and no-one is going to subsidize them," says Abdulgader Elkhair, Secretary of the General People's Committee for Economy and Trade.

Mahamud Ahmed Al-Ftise, Secretary of the General People's Committee at the General Board of Ownership Transfer of Companies and Public Economical Units (GBOT), acknowledges the need to win people over to the change. "It is a big step and some are afraid of it," he says. "We are making every effort to get the message across to the Libyan people that

this is their chance to invest and make a change in the country. We are restructuring the economy and giving the private sector a chance to grow."

He is confident the people will rise to the challenge of running businesses for themselves. Libyans, he adds, are natural entrepreneurs. "Before we had oil, historically, this country was built on trade."

Taher Jehaimi, Secretary of the General People's Committee for Planning, acknowledges that over-employment is an important issue for former state-owned companies. "The total figures are not particularly frightening, but every redundant worker must find or be offered a job. Job opportunities are available but they are not always in line with people's wishes or expectations."

The government is launching a lending program to strengthen the private sector, with credit and loans being



The newly privatized Wool and Textile Company plans to expand from the domestic market to exports.

made available on easy terms for small and medium businesses. "The goal is to make people self-employed and self-reliant," says Dr. Jehaimi.

Among the companies that have already been privatized is the Wool Textile Company, a carpet manufacturing enterprise that was formerly part of the national Spinning and Weaving Company.

General Manager El Mehdi Ali El Mehdi welcomes the privatization, which follows the government's model

and leaves 30% of the shares in the hands of the workers. The remaining 70% of shares are held by wool producers and wool merchants.

"The privatization process is good for companies because it gets rid of the bureaucracy, which was a big problem," declares Mr. El Mehdi, adding that the company can now fly freely, without being held back by red tape. "It is better that we can take our own decisions and operate without the regulations that were tying our hands. We

can have minimum labor—not like before—and can use it the way we like."

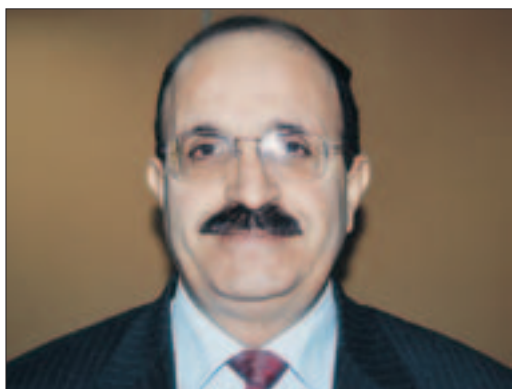
The Wool Textile Company has approximately 500 staff and produces around one million square meters of tufted carpet, 300,000 square meters of woven carpet, and three million square meters of needle felt carpet per year. "We intend to double these figures," says Mr. El Mehdi.

The high quality and resilience of Libyan wool makes it particularly suitable for carpet manufacture. At present, the new company focuses primarily on the local market, although it does export processed wool to carpet producing countries such as Pakistan and Iran.

Carpet exports from Libya stopped some years ago, but the company has plans to increase production and look for sales abroad. "We intend to resume the export program and increase our production by high-speed machines," says Mr. El Mehdi.

Ideally, the company would like to find an American investor who could provide technical know-how and strategic marketing facilities. "We are seeking a partnership that will make us competitive internationally," he says.

"We are looking to market our products in the States and all over the



MAHAMUD AHMED AL-FTISE
Secretary of the General People's Committee
at GBOT



EL MEHDI ALI EL MEHDI
General Manager
of the Wool Textile Company

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Libya



SULEMAN M. ABU-SA'A
General Manager of the Aman
Strok Company for Tires

The Aman Strok Company for Tires seeks latest technology.

world. We know that the American market is a good one because Egypt exports to it."

Another of the first state-run enterprises scheduled for privatization was the Aman Tires and Batteries Company. The firm was divided into two separate entities, with the tires part of the operation becoming the Aman Strok Company for Tires Industry.

The company produces approximately 400,000 to 500,000 tires annually in a variety of sizes for cars, light and heavy transport vehicles, and tractors. Production is to high quality specifications, based on standards set by the European Tire and Rim Technical Organization.

There are currently around 800 employees—partly the result of the government's drive for full employment. General Manager Suleman M. Abu-sa'a believes that is too many and says it needs to shed 150 jobs.

He says the firm has to operate in a more competitive, cost-effective mode. "We have to work as a private company. We have to consider the cost of production, and have

to reduce electricity costs and the number of employees."

The company hopes to achieve a technology upgrade through a partnership with a foreign investor. "Investment and financing is not as difficult to obtain as know-how," observes Mr. Abu-sa'a. "We want to create a joint venture with a foreign company in order to improve the factory.

"We invite American companies to participate and join us. We are considering building a new factory, and we need to incorporate the latest technology."

Aman has developed a partnership with Pirelli to produce tires under their brand name. "We have the same quality control as foreign companies, but Libyans like brand names," says Mr. Abu-sa'a.

The company would like to be able to export more of its products. "We don't export much of our production at the moment, but we are starting to export some products to Tunisia," concludes the general manager.

Easy loans are to be made available to help small and medium companies

"Steel is the future: we have good prices and a great export potential"

A state-run enterprise attracting considerable interest as it awaits privatization is the Engineering Industries Company, which manufactures products ranging from steel structures and transmission line towers to barbed wire and nails. The company also produces gas cylinders and windmills to extract water for irrigation.

All its products comply with international specifications, and its experience in a growing industry has brought it to the attention of potential investors in both the United States and Europe.

"A lot of companies are really interested in working with us here," says the Chief of its Popular Committee Abdulla Yahya. "We have recently made contact with American companies, and they are very happy with our products."

Like other Libyan firms, the Engineering Industries Company is looking for investors who can bring technological know-how as well as capital. "We are very interested in creating partnerships with these companies," says Mr. Yahya.

The firm's facilities include two galvanizing plants with a combined installed capacity of 40,000 metric tons per year, one a state-of-the-art facility set up in 2001. Its transmission tower line plant has a production capacity of 24,000 metric tons per year for towers up to 800 kV.

Mr. Yahya says Libya is a good place to invest; the cost of energy is low and land is very cheap. He urges U.S. investors



ABDULLA YAHYA
Chief of the Popular Committee at the Engineering
Industries Company

to seize the opportunities while they are available.

"Until now, not many foreign companies have come to this country, but they will come—especially in this field. In five years time, you will not find a location like this one. We feel that we are the safest place in the world."

He believes the future is par-

ticularly promising for his own industry, both in terms of the local market and in terms of exporting to neighboring countries.

"Steel is the future, especially for houses and buildings, and our production will be needed more and more. Exports have potential because our prices are very good," he says.



The Engineering Industries Company is awaiting privatization.

Reaching new engineering heights

A dynamic Libyan enterprise specializing in galvanized steel constructions, electric pylons, gas cylinders, and hangars, Engineering Industries Company is increasing exporting its high quality, competitive priced products to foreign markets.

Engineering Industries Co.
Tajura, Tripoli, Libia
P.O. Box 30484
Tel: +218 21 370 5417-81
Fax: +218 21 370 5415

Strength in performance

An iron and steel giant, the Libyan Iron and Steel Company (LISCO) has the capacity to produce more than 1.3 million tons of liquid steel a year. The annual export production is 650,000 tons of hot briquetted iron (HBI) and 580,400 tons of hot rolled coils. In keeping with ISO 9001/2000 standards, the company is leading the way in North Africa's best performing metal industry.

Libyan Iron and Steel Company (LISCO) www.libyansteel.com
E-mail: fmarketing@libyansteel.com
Tel/Fax: +218 51 613 777 - 613 713 ext. 4480
Tel/Fax: +218 51 613 810 - 619 680, Misurata, Libia, P.O. Box 17858

Libya

SHIPPING LIBYA'S MARITIME AUTHORITIES ARE PREPARING FOR AN INCREASE IN BOTH CARGO AND CRUISE PASSENGERS NOW SANCTIONS HAVE BEEN LIFTED

Getting shipshape for expansion

DEVELOPMENT of the transportation system is a prerequisite to Libya achieving its long-term ambitions of becoming a gateway between Europe and Africa and building up a profitable tourism industry.

Before the revolution in 1969, Libya possessed just a handful of ports. Today, there are more than 21 harbors and terminals along its coast, some dedicated to commercial purposes and others to petroleum and industry.

Bashir Benhamed, Chairman of the Maritime Transport and Ports Administration, believes there is scope for almost doubling handling capacity. "We have a total volume capacity of about 16 million tons per year that could be increased to about 30 million tons per year," he says.

"We intend to call upon foreign companies likely to be interested in investing in Libyan ports so that we can together draw up a strategic plan, undertake feasibility studies, and agree on what we need to do."

According to Mr. Benhamed,

the objective is to restructure the whole sector to bring it up to international standards in terms of administration and infrastructure.

"We are talking of security and safety and all the other elements that go with it. We are also talking about free ports and the development of passenger terminals, and we are working to attract more passenger ships."

A free-trade zone is in the early stages of being established adjacent to Misurata Port, 130 miles east of Tripoli, and there are plans for modern passenger terminals at Khoms and Benghazi.

Mansour El Mehdi Saleh, Chairman of Libya's leading shipping firm, the Germa Shipping Company, observes that the economy is picking up faster than expected, and this is reflected in the level of activity in the ports.

"Now that the sanctions have been lifted, ships are coming in and out with hundreds of tons of goods," he says. "Currently, the volume of commercial oper-



The Germa Shipping company has offices in all Libya's major ports and is looking for investment to upgrade its infrastructure.

erations is up by about 45% to 50%, which is very good for us."

Germa is doing business with European countries such as Italy, Germany, and Greece. The company acts as sole agent for some of the world's leading shipping firms. It handles everything from container ships to tramp vessels and cruise ships, including specialized carriers for cargos such as automobiles, iron ore, crude oil, and liquefied natural gas.

Formed in 1983, Germa has its headquarters in Tripoli and offices in all Libya's major commercial and industrial ports—linked via a sophisticated modern network system.

Germa has already laid the foundations for operating in a

more competitive environment. "We will have to build on them to improve our operations," says Mr. Saleh. "There used to be only a few shipping agents in operation in Libya. Now we have more than 60. This means competition and will increase the quality of services."

Plans have been made to replace some of Germa's older equipment and to renovate and upgrade its container depots. Interest has been shown by European investors and Germa hopes to attract interest from the United States as well.

Mohammed Tata, Manager of Germa Shipping, says the

company's main priority is to improve the infrastructure and communication facilities.

"We have made significant investment in manpower, training and a computerized documentation system both

to maintain contact and to receive information. We offer clients an Internet tracking service through which they can follow their products." He continues, "Our accounting system has been upgraded and integrated with our agency software. This gives us fast, accurate financial and statistical information to pass on to our principals."

Farid A. Alghelawi, Chairman

of the Universal Shipping Company, says most of Libya's ports need to be upgraded in order to be able to take in more cargo, but he believes a bright future lies on the horizon.

"Sooner or later, Libya is going to be a dominant maritime force between Europe and Africa," he says.

Universal's history and experience goes back to 1973 when it was established as the Universal Services Agency and became one of the leading shipping agencies in the country.

It subsequently became a subsidiary of the General National Maritime Transport Company, (GNMTC), but emerged as an independent, publicly owned company in



BASHIR BENHAMED
Chairman of the Maritime Transport and Ports Administration

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MANSOUR EL MEHDI SALEH
Chairman of the Germa Shipping Company



FARID A. ALGHEBLAWI
Chairman of the Universal Shipping Company



The Universal Shipping Company has more than 30 years experience to build on.

2003, following a government decree.

Universal has branches in Tripoli, Misurata, Benghazi, and all the Libyan oil terminals, and continues to work closely with GNMTC. "We are still an agency for most of their ships," explains Mr. Algeblawi. "We coordinate our activities with them and, in fact, serve them as a national line."

Currently, the company is focused on improving and expanding its operations. "We have

been negotiating with a number of companies and have more than 10 who are ready to work with us," says Mr. Algeblawi.

Libyan ports are expecting to see an increase in the number of cruise ships calling this year, as more and more cruise lines add the country to their schedules.

MSC Cruises, the largest Italian-owned cruise company, added three stops in Tripoli to its cruise roster last year. MSC

Cruises is part of the Mediterranean Shipping Company (MSC), the second largest shipping company in the world, which started serving Libya as a container carrier in 2002.

Esterlab Shipping Agency, part of the HB Group, and MSC's agent in Libya, believes that Libya offers huge potential for growth. "We have done very well so far," says Naser Alkshaik, Esterlab's General Manager. "Expansion is our top priority."

Airport expansion will handle increasing traffic

LIBYA's airports are to be expanded and modernized. Tripoli International Airport is to get a new terminal, and a completely new airport is to be built at Libya's second largest city, Benghazi.

Development of airports in tourist destinations such as Ghat and Ghadames has also started, and there are major expansion plans for the airport in Sebha, in the south of the country, which is important for international traffic between Europe and Africa.

Mohamed Shlebig, Secretary General of the Civil Aviation Authority (CAA), believes there is huge potential in the civil aviation sector and many opportunities for international and regional aviation companies to participate in its development. "We have big plans, which require international support," he says.

At Tripoli airport, the plan

is to construct a new terminal, with a capacity of five million passengers a year. "Expansion will continue until we reach a passenger capacity of twelve million per year. We expect the first phase of this project to be finalized within two and a half years after we begin in mid-2006."

The CAA will finance the expansion at Tripoli airport itself, but will need the backing of foreign investors for the new airport at Benghazi.

Proposals have already been put forward by international companies on a build-operate-transfer (BOT) basis. "We are still negotiating the possibilities in this area," says Dr. Shlebig.

"To date, we have not approved the expansion of international flights in and out

of Benghazi, due to its limited capacity. However, we expect large growth rates after finalizing these projects, which will take about three and a half years to complete."

The CAA will be looking for private companies to take over some small domestic airports, allowing it to concentrate on the international airports. "Private companies have more flexibility than state-owned entities like our authority, therefore we assume that they will be more successful in operating small airports," Dr. Shlebig explains.

Today, there are five private airlines operating in Libya in addition to two state-owned ones. Libyan Arab Airlines is still the number one carrier with the largest market share, but needs to modernize its fleet.

Opportunities for international companies to participate in development

Germa Shipping Company

Competent shipping professionals

As a competent service provider, Germa Shipping Company has become one of the leading shipping agents in Libya. Fruitful long-term associations with customers have resulted in a strong brand loyalty that continues to grow. The company recruits highly qualified individuals to steer the company in the right direction in an ever-changing market. With an impeccable reputation for professionalism, the company offers a comprehensive range of facilities comprising liner and break-bulk services, oil tankers, container cargos and naval vessels. Germa Shipping is now linking all branches and departments in Libya via a cutting-edge network system, further securing best service delivery.

Germa Shipping Company - Zawiat Al Dhmani Tripoli, P.O. Box 985, Tripoli, Great Jamahyria, www.germashipping.com

INDUSTRY LISCO PROFITS FROM RISING DEMAND AT HOME AND ABROAD AND SEEKS PARTNERS WITH TECHNOLOGICAL KNOW-HOW TO HELP IT UPGRADE ITS FACILITIES

Steelmaker moves from strength to strength

INCREASED demand for reinforced steel in the domestic market and higher prices for steel worldwide helped to boost the profits of the Libyan Iron and Steel Company (Lisco) to more than 100 million Libyan dollars (US\$80.5 million) last year. Lisco's bottom line has risen steadily in recent years and there are plans for expansion.

Production of long and flat products reached a new high of 920,000 tons in 2004, compared to 835,000 tons in 2003. The 18% increase was mainly concentrated on output of reinforced steel for use within Libya—a 40,000-ton rise to 460,000 tons.

Nevertheless, most of Lisco's production is exported; last year

880,000 tons of both final products and semi-finished products were sold abroad, with hot-briquetted iron (HBI) accounting for 54% of total exports. Lisco's main clients are Mediterranean countries such as Egypt, Tunisia, Spain, and Italy.

"As the country's economic policy changes, things are improving—especially concerning our dealings in the international markets, for both exports and imports," says Mohamed Elmabruk, Lisco's Chairman. "Today there is no limitation on our exports, and the value of the currency is stable, which has allowed us to make a profit; prior to that we experienced some losses."

He says the company's target market is growing. "Since the sanctions were lifted, we have been exporting to the United States."

Lisco was built up over a period of ten years following the Libyan revolution. It now ranks third among the largest Arab



Lisco has plans to develop its steel mills to cope with rising demand.

companies producing and exporting iron and steel products.

Located near the port of Misurata, and occupying an area of 1,200 hectares, Lisco's facilities comprise a direct reduction plant, two steel melt shops, a three-line bar and rod mill, a light and medium section mill, a hot strip mill and a cold strip mill

with a galvanizing line, and a coating line.

The company employs 6,770 people, 98% of whom are Libyans, and has its own training center. Production is environmentally friendly, through the use of gas rather than coal. Raw materials are imported from Brazil, Canada,

Sweden, and Bahrain.

Lisco is expanding and upgrading its facilities. Last year it signed a contract to develop one of the two steel mills with an Italian company; the project will be partially financed by a loan from the Islamic Bank for Development.

Eventually, both mills will be developed, raising production capacity to 2.5 million tons of liquid steel per year.

The company is on the government's list for privatization, but according to Dr. Elmabruk, nothing is likely to happen any time soon. "Lisco, due to its size, will not be a privatization priority," he says.

In the meantime, the company is looking for partners and investors. "There are many opportunities for American and other foreign investors with regard to the replacement and upgrading of our plants. Overall, we are looking for investments in technological know-how," concludes Dr. Elmabruk



MOHAMED A. ELMABRUK
Chairman of the Libyan Iron and Steel Company

TOWERING ACHIEVEMENTS

ARAB UNION CONTRACTING COMPANY is a major manufacturer of building material providing the means for Libya's development. With the great Al-Fateh Tower as a historical symbol of its achievements, the company spans a mammoth range of activities including: the production of cement, ready made concrete, concrete beams, cement blocks, aggregate, floor tiles, and timber doors and windows. It is also involved in the construction field, building hospitals, schools, residential houses, and public utilities.

Arab Union Contracting Company

HEADQUARTERS TRIPOLI
The Al-Fateh Tower, 22nd Floor, P.O. Box 3475, Telex: 20237, Tel: +218 21 3351 200-10, Fax: +218 21 3351 203/206
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Libya

7

CONSTRUCTION \$200 MILLION STATE-OF-THE-ART FACTORY WILL HELP RESOLVE CEMENT SHORTAGE

The Arab Union Contracting Company's state-of-the-art factory has a production capacity of 1.4 million tons of cement per year.

Major projects will build the economy

BOOM times lie ahead for the construction industry as Libya builds the infrastructure it needs for a new era of economic expansion. Billions of dollars are expected to be invested in the oil and gas industry, power generation, and water projects. Airports, ports, railways, and roads need to be built and upgraded, and new hotels and resorts are required to establish the fledgling tourism industry.

At the same time, Libya's population is growing by 3.5% annually—one of the fastest rates of growth in the world. With half the population under the age of 20, and more than 85% living in the cities, there is an urgent need for new homes, schools, and hospitals.

"We are an oil-producing country and we expect development to increase and the construction sector to grow fast now that the international embargo has been lifted," says Ziad Adham Al Muntasser, Chairman of the Arab Union Contracting Company (AUCC), one of the largest players in the building contracting and construction materials industry.

AUCC has been involved in a wide variety of projects ranging from hospitals, industrial plants, and water-treatment networks to residential complexes. Among the most impressive is the Al-Fateh tower, the tallest building in Libya.

"We have built thousands of houses and today we have 2,800 houses and apartment buildings under construction in Tripoli, 1,500 of which have al-



ZIAD ADHAM AL MUNTASSER
Chairman of the Arab Union Contracting Company

ready been handed over," says Mr. Al Muntasser.

"Our second activity is producing construction materials. We started our own factories, which produce aggregates, hollow cement blocks, floor tiles, prestressed concrete beams, wooden doors, and windows, as well as ready made concrete."

AUCC was established in the early 1970s, a decade in which government-sponsored construction projects turned Libya into the world's leading per capita consumer of cement.

The company decided to invest in cement production in 2001, a move that bore fruit recently with the completion of the company's first cement plant.

Located 100 miles to the east of Tripoli, the US\$200 million state-of-the-art facility has an estimated production capacity of 1.4 million tons per year. Some of the cement will be used for AUCC's own projects and the rest will be sold on the domestic market.

A second line is planned, partly to produce cement for export. Construction is due to start by the end of this year.

"The cement factory is quite an achievement considering the difficult circumstances under the embargo when we started the project," says Mr. Al Muntasser. "It is our biggest project so far and is useful for the country, the company, and individuals who need it. There is a shortage of cement

today—the construction projects exceed the cement capabilities we have. This will soon change, we hope."

AUCC is interested in linking up with foreign firms who can provide a technological input into projects. It has already worked successfully with companies from India, the United Kingdom, and Denmark and would welcome interest from U.S. firms.

"Construction has become technology-oriented in recent times," says Mr. Al Muntasser. "We are ready to go into partnership with foreign companies on some of the big projects. We want to modernize our working methods and I am certain that American companies have a lot to offer."

Delivery firm has the right prescription

PRIVATE companies have been allowed to import and distribute pharmaceuticals and medical equipment in Libya since last year, opening up a multi-million dollar market.

One of the first to take advantage of the change was AlDawlia, which, since it was established in May 2004, has become one of the biggest private pharmaceuticals distributors in the country.

AlDawlia has 31 employees, three warehouses, and uses its own fleet of specially designed refrigerated vans to make deliveries.

It supplies 800 pharmacies in Tripoli and surrounding areas—representing 70% of the market—and 700 pharmacies in other parts of Libya. An advanced computer system gives the company comprehensive control for distribution, storage, and sales.

Major companies for which it is the exclusive distributor include GlaxoSmithKline Beecham, Hoffman la Roche, and Reckitt Benckiser.

"We have been looking for a leadership position in our field since the company has been established," says Tareg Abuzakhar, AlDawlia's Chairman.

The main challenge, according to Mr. Abuzakhar, has been how to alter the mentality of Libyan society. The task was to get people to accept a situation in which there are many private companies supplying medicines instead of just one, state-run, supplier.

"Our aim has been to gain the trust of the Libyan citizen and to give our foreign partners high standard facilities and services so they know their products are in safe hands," Mr. Abuzakhar says.

"In the coming years, the experience of private business will allow the government to increase the presence of Libyan private companies in this field."

AlDawlia is now looking for more pharmaceutical products and medical equipment manufacturers to represent in the Libyan market.



AlDawlia supplies 70% of Libya's pharmacies.



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AL DAWLIA PHARMACEUTICAL & MEDICAL EQUIPMENTS
Al Seiahead Str., Tripoli, Libya
Tel: +218 21 483 9610-11-12
Fax: +218 21 483 9609
E-mail: info@aldawlia.com.ly
www.aldawlia.com.ly

TOURISM PLANS FOR NEW HOTELS AND RESORTS ARE PART OF A MULTI-MILLION DOLLAR DRIVE TO ATTRACT VISITORS BUT MASS TOURISM IS NOT ON THE AGENDA

A land of ancient civilizations and desert

DURING the years of isolation, Libya was more or less closed to Western tourists. Today, visitor numbers—although still relatively small—are increasing rapidly, and tourism is the most promising sector outside the oil industry.

This year is expected to be even better than last year as visitors are attracted to a land of archaeological treasures and natural beauty that is safe and untainted by mass tourism.

Attractions include a pristine coastline and some of the best preserved Roman ruins in the world, notably the ancient cities of Leptis Magna and Sabratha.

Libya has set up a ministry of tourism and is preparing to spend millions of dollars to develop the industry over the next five years. The emphasis will be on up-market tourism.

Last year, the sector was opened to foreign investment, and agreements have been signed with several companies to

develop hotels and resorts.

"Our goal is to attain 100,000 hotel beds by the year 2020," says Ammar Mabrouk Eltayef, Secretary of the General People's Committee for Tourism. "We have chosen four sites by the sea and one between desert towns for the construction of modern complexes, including hotels, resorts, shopping malls, and golf courses."

In the meantime, new companies are springing up to serve the visitors. Among the most successful is Libtra Tours, part of the HB Group. In operation for just over a year, the company has served almost 4,000 visitors.

"We mostly provide a full-package service," explains General Manager Yousri Benyala. "We organize the visas, the transportation, the accommodation, tour guides and the planning of all the sites that a tourist group or individual wants to visit."



AMMAR MABROUK ELTAYEF
Secretary of the General
People's Committee for Tourism

Most go for a cultural tour. "Throughout history, Libya has been a melting pot of cultures," says Mr. Benyala. "Some of the greatest civilizations that have existed have left their marks in Libya. We even have painting and engravings in caves from the pre-historic era. We have virgin coastlines, fascinating lakes in the desert, and even inactive volcanic sites."

He believes tourism could become a main source of income for Libya in a relatively short period of time, once the proper infrastructure is provided.

Husni Bey, CEO the HB Group, says there are plans for Libtra to establish its own hotels and tour buses. "Taking tours in Libya has proven to be a popular activity, but the hotel infrastructure is still very poor. We are negotiating a plan to build



Trips into the desert are among the attractions on offer from companies such as Libtra Tours.

a type of hotel with mini-flats."

The Winzrik Tourism Services Group, Libya's longest established tour operator, aims to develop sites across the country, including a resort near Sabratha and a hotel in the desert town of Ghadames.

"There is no intention in Libya to create mass tourism like in neighboring countries with night-clubs and alcohol," says Chairman and Managing Director Abdurazag Gherwash. "We don't want mass tourism, but quality tourism."

COUNTRY STAFF
Commercial and project
director:
Virginia Cortavitate
Editorial research:
Alexi Fernández Barnes



HUSNI BEY, Chief Executive Officer of the HB Group

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