-Libya-

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GENERAL FEATURES OF TRADE POLICY

The Libyan economy has been stagnant for years, with negative or low economic growth prevailing. Libya depends for its export earnings for 90/95% from oil.
The EU exports machinery, electrical machinery, automobiles, iron and steel and agricultural products. The Libyan Government exercises strict controls over imports. Foreign investment is only allowed in the oil sector. No agreement between the Community and Libya is currently in place. Libya is not a Member of WTO.

UN sanctions against Libya were first introduced in 1992 (Security Council Resolution 748) with more added in 1993 (Resolution 883). The sanctions include an air and arms embargo, the freezing of certain Libyan assets held overseas, and a ban on the supply of some oil-related machinery. Sanctions were lifted in 1999 with the transfer of Lybian suspects in the Lockerbee trial to an airbase in the Netherlands, where the trial takes place under Scottish law.

Exploitation of major oil and gas reserves has formed the backbone of the Libyan economy for the last half-century. The nation remains heavily dependent upon agricultural imports and suffers periodic shortages of basic products. Infrastructure deficiencies are now being addressed on a large scale with the installation of a railway system, gas distribution network and, most prominently, the US$30 billion Great Man Made River (GMR) project designed to deliver sub-Sahara water resources to inhabited northern areas. Some industrial diversification into petrochemicals, iron, aluminum and steel has been realized, but often through extensive government subsidization such as the steel complex at Misratah.

Unlike ambivalence toward foreign investment in general, the Libyan government has fostered stability in the critical energy sector. Future foreign direct investment (FDI) in energy is expected to be directed towards downstream projects. Libya intends to increase oil production from current levels of 1.4 million barrels per day to two million over the next five years.

Banking and investment regulatory reform, further liberalization of exchange rate policy, trade laws and incentives for further exploitation of energy resources are envisioned. The government’s primary objective is to improve agricultural self-sufficiency once the benefits of the GMR water project are realized. Additional areas for future development are tourism, fisheries and Africa-Europe transit industries.

Libya is attempting to reduce its dependency on oil as the country's sole source of income, and to increase investment in agriculture, tourism, fisheries, mining, and natural gas. Libya also is attempting to position itself as a key economic intermediary between Europe and Africa, has become more involved in the Euro-Mediterranean process, and has pushed for a new African Union.

Following years of stagnation, real gross domestic product (GDP) growth of 5% is expected in both 2000 and 2001. This could help lower Libya's 30% unemployment rate. Libya's relatively poor infrastructure (i.e. roads and logistics), unclear legal structure, often-arbitrary government decision making process, and

various structural rigidities all have been impediments to foreign investment and economic growth. Libya's need for increased foreign investment may help push the country towards economic liberalization.
Libya has eased foreign exchange controls and has established a free-trade zone. Libya's agricultural sector is a top governmental priority.

The following table is an overview of the tradeflow between the European Union and Libya

Section	Year	Import(Euro)	Export(Euro)
Animals & animal products	1996	373,750	67,712,440
	1997	952,930	13,627,520
	1998	687,700	37,702,640
	1999	179,080	84,505,400
	2000	578,590	57,945,690
	2001	1,120,410	123,150,070
	2002	567,470	86,348,240
	2003	52,950	78,130,710
Vegetable products	1996	116,570	179,266,970
	1997	188,960	266,542,610
	1998	178,900	214,856,300
	1999	40,710	127,685,820
	2000	7,690	150,945,300
	2001	42,560	215,432,430
	2002	52,380	213,385,700
	2003	62,190	157,325,950
Animal or vegetable fats	1996	0	4,518,400
	1997	0	809,500
	1998	4,800	6,722,310
	1999	0	8,787,870
	2000	0	5,062,860
	2001	0	12,429,910
	2002	0	1,958,690
	2003	0	7,453,490
Prepared foodstuffs	1996	1,337,010	139,042,590
	1997	309,830	174,244,840
	1998	19,300	190,546,630
	1999	63,450	82,028,940
	2000	1,333,990	90,758,690
	2001	620,700	130,579,040
	2002	70,660	170,047,420
	2003	327,820	89,863,550
Mineral products	1996	6,609,805,330	78,488,720
	1997	7,006,867,760	69,046,950
	1998	5,144,656,790	88,267,420
	1999	6,336,048,530	113,498,610
	2000	11,764,455,470	144,037,500
	2001	10,446,929,410	190,102,530
	2002	8,583,406,530	265,549,840
	2003	9,963,875,960	247,358,800
Chemical products	1996	109,008,690	159,835,930
	1997	176,199,630	199,553,670
	1998	154,935,730	199,837,170
	1999	104,315,200	184,687,980
	2000	318,366,570	202,794,840
	2001	286,670,100	190,862,490
	2002	149,889,890	226,065,680
	2003	225,968,100	171,021,350
Plastics & rubber	1996	33,300	78,324,530
	1997	134,710	88,596,790
	1998	425,750	81,565,760
	1999	15,645,880	63,736,910

	2000	37,402,880	51,456,510
	2001	19,976,640	53,853,420
	2002	11,646,360	67,101,640
	2003	14,954,370	64,899,050
Hides & skins	1996	9,993,200	2,366,930
	1997	10,356,280	3,907,000
	1998	2,172,400	841,460
	1999	2,675,010	742,610
	2000	7,849,250	1,564,060
	2001	9,307,760	1,652,360
	2002	7,464,070	944,000
	2003	6,996,860	680,270
Wood & wood products	1996	56,190	35,737,520
	1997	24,820	26,846,690
	1998	0	18,179,310
	1999	0	23,393,180
	2000	181,470	14,361,270
	2001	37,730	27,003,590
	2002	225,630	25,263,150
	2003	24,270	18,293,170
Wood pulp products	1996	890	54,229,010
	1997	2,890	44,181,370
	1998	2,930	45,727,870
	1999	8,040	42,133,450
	2000	10,400	34,862,600
	2001	576,260	35,291,010
	2002	61,340	33,228,070
	2003	501,230	31,748,280
Textiles & textile articles	1996	1,221,270	37,718,720
	1997	1,195,340	72,989,470
	1998	134,400	51,070,130
	1999	78,330	40,651,590
	2000	59,730	41,681,090
	2001	204,140	30,959,270
	2002	56,810	32,239,610
	2003	100,800	27,362,640
Footwear, headgear	1996	0	17,928,500
	1997	0	31,540,980
	1998	0	16,175,900
	1999	710	15,439,360
	2000	0	10,314,610
	2001	0	5,447,460
	2002	6,040	6,263,570
	2003	0	4,634,730
Articles of stone, plaster, cement, asbestos	1996	28,490	33,425,040
	1997	99,490	21,732,900
	1998	130,140	23,101,550
	1999	111,320	25,894,200
	2000	56,560	28,091,230
	2001	64,860	44,199,740
	2002	6,880	46,255,720
	2003	0	32,620,870
Pearls, (semi-)precious stones, metals	1996	360,670	16,011,990
	1997	25,360	20,191,370
	1998	24,240	24,654,440
	1999	94,640	41,822,670
	2000	0	53,529,970
	2001	0	53,787,080
	2002	697,940	40,848,490
	2003	1,233,670	27,667,110
	1996	20,148,520	260,449,650

Base metals & articles thereof	1997	33,889,680	241,599,390
	1998	36,464,990	197,946,340
	1999	53,724,960	184,559,540
	2000	56,740,300	169,893,580
	2001	80,243,740	196,437,150
	2002	99,014,360	298,217,630
	2003	96,090,520	319,174,350
Machinery & mechanical applicances	1996	760,460	699,737,180
	1997	2,369,690	801,816,780
	1998	4,020,860	860,951,480
	1999	7,133,770	652,721,760
	2000	4,891,710	672,742,390
	2001	2,283,210	788,884,240
	2002	3,582,560	843,754,930
	2003	2,565,570	1,080,618,360
Transportation equipment	1996	82,220	162,224,280
	1997	333,320	183,864,900
	1998	537,200	177,407,250
	1999	189,460	156,578,970
	2000	352,760	175,955,080
	2001	951,290	185,915,120
	2002	387,230	276,565,510
	2003	169,040	259,087,360
Instruments - measuring, musical	1996	349,910	105,126,850
	1997	110,380	94,601,880
	1998	42,670	76,560,640
	1999	218,910	73,402,910
	2000	1,841,360	89,928,250
	2001	1,104,510	128,057,570
	2002	1,385,660	133,606,850
	2003	2,206,910	168,518,000
Arms & ammunition	1996	530	680,120
	1997	0	1,465,700
	1998	0	1,665,020
	1999	0	366,110
	2000	0	115,840
	2001	0	760,200
	2002	0	644,750
	2003	0	859,380
Miscellaneous	1996	8,260	68,428,900
	1997	0	68,233,320
	1998	3,760	43,725,440
	1999	87,360	66,716,390
	2000	30,130	45,359,490
	2001	138,700	72,245,630
	2002	98,300	74,397,500
	2003	10,100	54,717,200
Works of art	1996	0	8,710
	1997	0	30,460
	1998	1,280	19,050
	1999	0	1,350
	2000	0	6,940
	2001	0	84,490
	2002	0	8,150
	2003	15,150	51,120
Other	1996	464,720	18,359,610
	1997	2,142,750	16,898,360
	1998	2,396,720	20,043,810
	1999	4,047,450	14,234,980
	2000	700,020	5,351,060
	2001	1,071,770	10,997,560

	2002	2,122,690	6,510,210
	2003	1,011,630	8,949,620

Agriculture and Fisheries
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The agriculture sector in Libya contributes seven percent of the GDP and employs an estimated 10 percent of labor. The primary food crops produced are barley, maize, potatoes, sugar beets and wheat. The primary meat products are beef and veal, chicken, camel and lamb. The largest (in value terms) agricultural exports in 1998 were fish, sheep skins, dry onions, shelled groundnuts and fresh vegetables. The total value of agricultural exports in 1998 was $78.4 million, while the total value of agricultural imports in 1998 was $1,128.4 million.

Chemicals
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Libya's oil industry is run by the state-owned National Oil Corporation (NOC), along with smaller subsidiary companies. Several international oil companies are engaged in exploration/production agreements with NOC.

Overall, Libya would like foreign company help to increase the country's oil production capacity from 1.4-1.5 million bbl/d at present to 2 million bbl/d (at a cost of around $1.5 billion). In May 2000, Libya invited around 50 foreign oil and gas companies to a meeting to discuss exploration and production sharing agreements.

Currently, Libya has 12 oil fields with reserves of 1 billion barrels or more, and two others with reserves of 500 million-1 billion barrels.
Despite years of oil production, Libya retains a large untapped oil and gas potential, with only around 25% of Libya's area covered by agreements with oil companies. This potential is due largely to lack of investment mainly as a result of stringent fiscal terms imposed by Libya on foreign oil companies under EPSA III (exploration and production sharing agreement round III). NOC priorities for exploration include new areas in the Sirte, Ghadames, and Murzuq basins, plus unexplored areas such as Kufra and Cyrenaica. NOC also hopes to apply modern Enhanced Oil Recovery (EOR) techniques to existing oil fields.

GAS

Continued expansion of gas production remains a high priority for Libya for two main reasons. First, Libya has aimed (with limited success) to use gas instead of oil domestically, freeing up more oil for export. Second, Libya has vast gas reserves and is looking to increase its gas exports, particularly to Europe. Libya's proven natural gas reserves in 1999 are estimated at 46.4 Tcf, but the country's actual gas reserves are largely unexploited (and unexplored), and thought by Libyan experts to be considerably larger, possibly 50-70 Tcf. To expand its gas production, marketing, and distribution, Libya is looking to foreign participation and investment.
Libya also produces a small amount of liquefied petroleum gas (LPG), most of which is consumed by domestic refineries.

In 1971, Libya became the second country in the world (after Algeria in 1964) to export liquefied natural gas (LNG). Since then, Libya's LNG exports have generally languished, largely due to technical limitations which do not allow Libya to extract LPG from the LNG, thereby forcing the buyer to do so. Work to refurbish and upgrade the El Brega LNG plant in order to deal with the LPG separation problem has been delayed since 1992. If completed, Libyan LNG exports could triple.

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ELECTRIC POWER

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Libya currently has electric power production capacity of about 4.6 gigawatts. Power demand is growing rapidly (6%-8% annually), and Libya has plans to more than double installed capacity by 2010 at a cost of over $3 billion. Most of the country's existing power stations are oil-fired, though several have been converted to gas. Meanwhile, Libya, Egypt, and Tunisia have finished linking their power grids. Libya has plans to upgrade its own power transmission network in coming years, at an estimated cost of $1.5 billion.

Libya's state-owned General Electricity Company (GEC) has hinted at the possibility of allowing private investment in the country's power generation and distribution. The country's power sector requires substantial investment, and officials are looking at alternatives to public financing, but despite this, it remains unlikely that Libya will undertake any large-scale power privatization or allow independent power projects (IPPs) anytime soon.

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NON TARIFF BARRIERS

Agriculture and Fisheries

Sanitary and phytosanitary measures

040077-*Lybya- Live bovines, bovine products and derivates* [2004-08-27]

Import ban on bovine meat and meat products and derivates (excluding milk) because of BSE

- General statement on BSE to all Third Countries on the XXIXth and XXXth SPS Committee (March and June 2004).