

2025 Libya Investment Climate Statement

Executive Summary

Despite the high potential for domestic and foreign investment in Libya due to its reconstruction needs, unmet consumer demand, and rich natural resources, the country still faces a difficult investment environment. The Government of National Unity (GNU), which came to power in 2021, has shown an interest in attracting more foreign investment and collaborating with foreign companies. However, the country's foreign investment prospects remain hindered by:

- an unclear bureaucracy,
- complications resulting from the division of state institutions,
- burdensome regulations,
- widespread corruption in public administration,
- and threats from armed groups.

In addition, the Libyan government has a long track record of not complying with contractual obligations and timely payments. Libya's oil and gas, electricity, and infrastructure sectors have historically received the most significant investment.

Following years of civil unrest and armed conflict, Libya's warring parties signed a ceasefire in 2020 that paved the way for a United Nations-facilitated political process. Libya remains politically divided and lacks consensus on a path to national elections or the formation of a unified national government. The internationally recognized GNU governs the country on an interim basis, although its influence remains limited outside of the northwest. The self-styled "Libyan National Army" maintains de facto control in the south and east. The UN Special Representative for the Secretary-General (SRSG) in Libya initiated an advisory committee of experts in 2025 that will offer recommendations for a path forward to resolve political divisions. Libya holds Africa's largest (and the world's ninth-largest) proven oil reserves and

Africa's fifth-largest gas reserves. Hydrocarbon exports accounted for an estimated 94 percent of government revenue and 97 percent of total exports in 2024. Libya produces an average of 1.4 million barrels of oil per day. Oil production is occasionally subject to interruptions by groups demanding better services or political concessions. For instance, a group of southern protestors closed Sharara oil field, Libya's largest, in January 2024. The Libyan National Army also closed oil fields and export terminals during a dispute over the leadership of the Central Bank in August and September 2024. The National Oil Corporation (NOC), an independent, apolitical institution, continues to lay the groundwork for the long-term development and stabilization of the energy sector. The Ministry of Oil and Gas oversees the energy sector.

Libya's Investment Law of 2010 is the main legal framework for promoting foreign direct investment (FDI). This law, passed before the 2011 revolution that overthrew the Gaddafi regime, removed many FDI restrictions and offered various incentives to stimulate private investment. No significant laws related to investment have been enacted since.

According to Transparency International and numerous well-informed local contacts, corruption is deeply rooted in Libya and is prevalent at all levels of public administration. The lack of clear and accountable mechanisms for managing oil revenues, awarding government contracts, and implementing often vague regulations continue to give government officials ample opportunities for rent-seeking and corrupt activities.

Section 1. Openness to, and Restrictions upon, Foreign Investment

Policies toward Foreign Direct Investment

The Libyan government has attempted to entice FDI, primarily through the Privatization and Investment Board (PIB) and National Oil Corporation (NOC). The PIB, established in 2009, is the main institution for promoting investment in Libya. It oversees the Libyan privatization program and supervises and regulates FDI activities. To promote and control FDI, Law No. 9 of 2010, commonly known as the Investment Law, was passed to lift many FDI restrictions and offer incentives to qualifying investments, including:

- tax and customs exemptions on equipment,

- a five-year income tax exemption,
- a tax exemption on reinvested profits,
- and exemptions from production tax export fees for goods produced for export markets.

It also enabled investors to transfer net profits overseas, postpone losses to future years, import necessary goods, and hire foreign labor if local labor was unavailable. For five years, foreign workers can obtain residency permits and reentry visas, as well as transfer earnings overseas.

The Investment Law sets the rules for the creation of foreign-owned companies and the opening of branches and representative offices. Branches can be opened in many sectors, such as:

- construction for contracts above LYD 50 million,
- electricity works,
- oil exploration,
- drilling and installation projects,
- telecommunications construction and installation,
- industry,
- surveying and planning,
- installation and maintenance of medical machines and equipment,
- and hospital management.

However, the Investment Law limits full foreign ownership of investment projects to projects worth more than LYD 5 million, except for limited liability companies, and requires 30 percent of workers to be Libyan nationals and to receive training. Foreign investors are not allowed to own land or property in Libya and can only lease real estate temporarily. Investment in “strategic industries” – especially Libya’s upstream oil and gas sector, which is controlled by the

NOC – requires a foreign entity to form a joint venture with a Libyan firm that will hold a majority stake in the enterprise. It is not clear which industries other than upstream oil and gas may be considered strategic.

Limits on Foreign Control and Right to Private Ownership and Establishment

The ownership of real estate in Libya is restricted to Libyan nationals and wholly owned Libyan companies. The Investment Law permits the ownership of real estate in Libya by locally established project vehicles of foreign investors. However, such ownership is limited to leasehold ownership only. Foreign investors are allowed to lease property from public holdings and private Libyan citizens, according to Article 17 of the Investment Law. There is considerable ambiguity in both the public and private rental markets; many aspects of these arrangements are left to local officials.

As noted above, the PIB screens inbound FDI, but its screening process is unclear. The criteria and process for investment bidding are not published or transparent, and it is therefore unknown whether foreign investors face, or have faced, discriminatory treatment. The PIB says that it evaluates bids or proposals for their compatibility with Libya’s national security, sovereignty, and economic interests. There is no information available on how long the approval process takes or what possible outcomes of the process are other than a positive or negative decision by the PIB or Ministry of Economy and Trade. The PIB claims that it keeps all company information confidential. U.S. firms have repeatedly complained about the slow speed by which the Libyan government makes business-related decisions. Despite these complaints, some U.S. firms have successfully invested in Libya, especially in the country’s oil and gas and power generation sectors.

Other Investment Policy Reviews

Libya has not undergone any recent investment policy reviews by the OECD, UNCTAD, WTO, or any other international body. Civil society groups have not expressed nor provided any useful reviews of investment policy-related concerns. [Please refer to Section 6: Financial Sector - Money and Banking System](#) for more details.

Business Facilitation

Business registration procedures in Libya are lengthy and complex. The Ministry of Economy and Trade is the main institution for processing business registration requests. MET's website offers information in Arabic on regulations for new business registration, although online registration functionality for registering a new business is not possible. There are multiple corporate structures based on the type of business undertaken (e.g., limited liability, joint venture, branch office) and each has specific registration requirements. Some requirements apply to all businesses, including obtaining a Commercial Register certificate, registering with the Chamber of Commerce and the tax and labor departments, and obtaining a working license. If a company will be importing items, a statistical code will be required. If the company will be obtaining letters of credit in Libya, a Central Bank code will be required. A specialized agent must complete these tasks on behalf of the registering company. For the simplest corporate structure (limited liability with no Central Bank code), the process can take two to three months if the registration agent is familiar with the procedures.

Outward Investment

Libya is a member of the Islamic Corporation for the Insurance of Investment and Export Credit, which provides investment and export credit insurance for entities in member states. The Libyan government does not formally promote or incentivize outward investment, nor does it place any restrictions. However, the Central Bank of Libya imposes capital controls, limiting the ability of Libyan citizens to acquire the hard currency to invest abroad. Existing banking products limit access to hard currency only via letters of credit for businesses or debit cards for individuals and small businesses, while SWIFT transfers are restricted by the Central Bank. These limitations make investment abroad for citizens through official channels practically impossible.

Section 2. Investment and Taxation Treaties

[Libya has signed 37 bilateral investment treaties \(BIT\)](#), of which 26 are currently in force, most notably with:

- Türkiye,
- Italy,
- France, and
- Egypt.

Libya has signed double taxation treaties (DTT) with the following countries:

- Belarus,
- France,
- India,
- Italy,
- Malta,
- Pakistan,
- Russia,
- Ukraine, and
- United Kingdom.

Libya is a signatory to three multilateral free trade agreements (FTA):

- the Greater Arab Free Trade Area (GAFTA),
- the Arab Maghreb Union (AMU), and
- the African Continental Free Trade Area (AFCFTA), which Libya has not yet ratified.

Libya also has bilateral FTAs with Morocco and Jordan.

Libya does not have a BIT, DTT, or FTA with the United States, but signed a Trade and Investment Framework Agreement (TIFA) with the United States in 2013 that the Libyan government ratified in 2019.

Section 3. Legal Regime

Transparency of the Regulatory System

Libya has a very unclear and non-transparent regulatory system, and the roles and duties of its government institutions are not consistently adhered to nor well defined. Libya ranked very low on Transparency International's 2024 Corruption Perceptions Index (173rd out of 180 countries). Libya's bureaucracy is among the most opaque and difficult to navigate in the Middle East and North Africa region, and its legal and policy frameworks are equally difficult to understand. The process of granting licenses and permits is often subject to long and unexplained delays, and decisions are usually based on subjective and non-transparent criteria, allowing for widespread corruption and exploitation.

There is no public consultation or publication of draft regulations before they are enacted. It is difficult to find reliable and updated information about key commercial regulations. These factors have tended to discourage foreign investment.

Libya does not encourage or mandate companies to report on their environmental, social, and governance practices to enhance transparency. Libya scores zero out of five (with five being the best) in the Global Indicators of Regulatory Governance by the World Bank.

International Regulatory Considerations

Libya is not a member of the WTO. The WTO received Libya's application in 2004, and the General Council subsequently established a Working Party that year, but no formal progress on Libya's application has been made, and the Working Party has yet to officially meet.

Legal System and Judicial Independence

The 2011 Constitutional Declaration currently functions as the interim constitution. It states Islam is the state religion and Sharia is the principal source of legislation. The Libyan Civil Code begins with a preliminary title containing general dispositions regarding the law, sources of law, application of the law, and general dispositions regarding the legal definition of persons as well

as the classification of things and property. Thereafter, the Code is divided into two parts and four books. The first part addresses obligations or personal rights and contains similarly named subdivisions:

- Book I (Obligations in General), and
- Book II (Specific Contracts).

The second part of the code is entitled “Real Rights” and contains:

- Book III (Principal Real Rights), and
- Book IV (Accessory Real Rights).

In the absence of a legal provision, the Libyan civil code requires courts to adjudicate matters “in accordance with the principles of Islamic law.” In the absence of an Islamic rule on a particular matter, the Code requires courts to look to “prevailing custom,” and in the absence of any custom, “to the principles of natural law and the rules of equity.”

Article 89 of the Code states that “a contract is created, subject to any special formalities that may be required by law for its conclusion, from the moment that two persons have exchanged concordant intentions.” 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.

Libya’s justice system has remained weak throughout the post-revolutionary period, and enforcement of laws remains a challenge for the government.

Laws and Regulations on Foreign Direct Investment

Laws and regulations on investment and property ownership allow domestic and foreign entities to establish business enterprises and engage in remunerative activities in Libya. Investment law and commercial law differ in their foreign ownership restrictions for business

enterprises. Article 7 of the 2010 Investment Law specifies, in general accordance with standard international practice, conditions a project must fulfill in part or in full in order to qualify as an investment rather than a commercial vehicle. Investment projects that meet the conditions set out in the 2010 Investment Law enjoy numerous benefits, such as relief from income taxes for a set number of years. Further, a foreign investor may wholly own the enterprise if the foreign investment exceeds LYD 5 million. This is reduced to LYD 2 million if a Libyan partner holds at least half of the investment. For investment projects that do not meet the conditions set out in the 2010 Investment Law, these benefits do not apply, and Libya's Commercial Code stipulates no more than 49 percent foreign ownership unless the enterprise is a branch of a foreign company, which the foreign company can then fully own.

Full foreign ownership rights were further reinforced by the Libyan High Court's Department of Law, per a 2023 opinion confirming the right to invest whether in the form of a branch or otherwise. The opinion also includes the right to invest without local partnership.

Competition and Antitrust Laws

Chapter 11 of the Libyan Commercial Code deals with the issue of competition and prohibits market abuse. The Commercial Code provides for the establishment of a Competition Committee to be responsible for reviewing complaints and investigating them and, in cases where the law has been violated, referring the cases to public prosecution. The Competition Committee is inactive at present, and since these issues are regulated by law and considered violations, interested/damaged parties can pursue legal action directly.

Expropriation and Compensation

Article 23 of the 2010 Investment Law provides an express guarantee against the nationalization, expropriation, forcible seizure, confiscation, imposition of receivership, freeze or subjection of procedures of similar effect, except by virtue of a law or court ruling and fair and equitable indemnity, and provides such procedures be applied indiscriminately. Article 43 of executive regulation No. 449 of 2010 implementing the law reinforces those provisions. The Libyan government's history of state expropriation of private property, including the assets of

foreign companies, most prevalent during the 1980s, had already been in decline before the law's passage. There have been no reports of nationalizations or expropriations under the current investment law.

Dispute Settlement

ICSID Convention and New York Convention

Libya is not a signatory to either the International Center for Settlement of Investment Disputes (ICSID, also known as the Washington Convention) or the UN Convention on the Recognition and Enforcement of Foreign Arbitral Awards (known as the New York Convention) and has not taken steps to accede to either. However, arbitration awards issued by arbitrators in foreign jurisdictions can be enforced in Libyan courts. 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. Libya is a member of the 1983 Riyadh Convention on Judicial Cooperation, which facilitates the recognition and enforcement of judgments and arbitral awards among the Arab member states.

Investor-State Dispute Settlement

Libya is not a signatory to a treaty or investment agreement in which binding international arbitration of investment disputes is recognized. Article 24 of the 2010 Investment Law mandates disputes initiated by a foreign investor or the state to be settled by competent Libyan courts, unless there is an agreement between Libya and the state to which the investor is subject that includes provisions for alternative arbitration procedures.

International Commercial Arbitration and Foreign Courts

The Libyan Civil Code provides for the enforcement of foreign decisions or arbitral awards if they meet the following requirements: the decision must be issued from a competent authority, according to the laws of the country of origin of the decision; the parties must have been duly summoned to appear before the court that handed down the decision and must have been duly represented (the laws of the foreign country also apply in terms of summons to and

presence before the court); the decision must not contradict decisions already issued by Libyan courts; and the decision must not include anything that conflicts with the principles of public order in Libya. Libya's justice system remains weak, making enforcement of foreign judgments and arbitral awards through the Libyan courts challenging and lengthy.

Furthermore, the Libyan Board for International Commercial Arbitration prepared a draft law on arbitration in 2016, as had been done by an expert panel commissioned by the Ministry of Economy for international arbitration in 2010. Neither of these drafts are in force yet, but many major contracts, such as:

- those related to exports,
- production-sharing,
- or engineering,
- procurement,
- and construction, usually include clauses that refer disputes to arbitration in Paris under the International Chamber of Commerce.

Bankruptcy Regulations

Libya does not have a separate bankruptcy law and bankruptcy issues are covered under articles 1012 and 1013 of the 2010 Commercial Code. According to this legislation, bankruptcy proceeds in two phases:

- The first is preventive reconciliation, during which the debtor attempts to rectify the financial situation of the business through an agreement with creditors under court supervision.
- The second phase commences in the event of the agreement's failure, whereby the court intercedes to protect the rights of the creditors through liquidation.

Section 4. Industrial Policies

Investment Incentives

Investments set up according to the 2010 Investment Law benefit from the following incentives: tax and customs exemptions on equipment, a five-year income tax exemption, a tax exemption on reinvested profits and exemptions on production tax export fees for goods produced for export markets. It also allowed investors to transfer net profits overseas, defer losses to future years, import necessary goods, and hire foreign labor if local labor is unavailable. The government does not offer any additional investment incentives. However, the devaluation of the Libyan dinar has increased the attractiveness of the 2010 Investment Law given that the minimum investment required to attain the incentives listed above is now approximately \$1 million, as opposed to the approximately \$4 million before the currency unification and devaluation. The process to attain these incentives is through an approval of a business concept by the PIB upon which the Minister of Economy signs off on a decree to confirm the applicant's status.

Foreign Trade Zones/Free Ports/Trade Facilitation

Free Trade Zones (FTZ) are established by law, with a unique law applicable to each FTZ. Libyan Law No. 215 of 2006 established the Zuwara Free Trade Zone (ZFTZ), and Law Number 495 of 2000 (amended by Law Number 32 of 2006) created the Misrata Free Trade Zone (MFTZ). Both the ZFTZ and the MFTZ are overseen by the Libya Free Trade Zone Board, created by Law No. 168 of 2006. By law, the ZFTZ and MFTZ are financially and administratively independent, and are free to legislate "within the boundaries of Libyan law." Foreign companies can apply for a license to operate in the FTZs and enjoy the same benefits as Libyan companies.

Performance and Data Localization Requirements

The host government does not follow forced localization. The 2010 Investment Law mandates that 30 percent of a foreign-owned company's workforce consist of Libyans. Exemptions are available if the required skills for a position are not available on the local labor market.

Section 5. Protection of Property Rights

Real Property

Libyan property rights are complicated by past government policy actions and a weak regulatory environment. The Libyan government eliminated all private property rights in 1978 through the enactment of Law No. 4 of 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, in addition to the destruction of some official files at the property registrar in 1986, has served to greatly complicate any subsequent effort to prove clear title to property throughout Libya. In 2015, in the aftermath of the revolution, the parliament passed Law No. 20 of 2015, which effectively reversed all legal implications of the 1978 law. The property rights scene is today further complicated by the freezing of the national property registrar since 2011. The GNU took steps in 2022 to reopen certain functions of the registrar, including foreclosure. As a consequence of the ambiguity of property ownership, banks are reluctant to take residential property as collateral for loans.

Intellectual Property

While Libya has started 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).

Article 1286 of the 2010 Commercial Code covers a set of rules which seek to protect intellectual innovations and the non-material aspects of industrial and commercial projects. It prohibits infringement of trademarks and transgression on registered trade names and logos; bans all acts of forgery, trademark, or local counterfeiting, and all forms of intellectual property violations; and outlines the nature of financial and criminal procedures against those violations. The law provides for enforcement of the rules regulating registered industrial designs and models as well as information systems. Some additional laws providing protection of

intellectual property rights (IPR) have been passed, such as Law No. 7 of 1984 and Law No. 8 of 1959 on patents, commercial designs, and models. The trademark office in the Ministry of Economy is responsible for enforcing the law of consumer and intellectual property protection, but trademark violations are widespread, especially in the retail sector, and enforcement generally requires a specific legal claim. U.S. brands remain vulnerable to such activity. The IMF has asked Libya to bring its IPR regime in line with international best practices.

For additional information about national laws and points of contact at local IP offices, please see the [WIPO country profiles](#).

Section 6. Financial Sector

Capital Markets and Portfolio Investment

The Libyan government passed a law in 2007 to establish a stock market, primarily to support the privatization of small- and medium-sized enterprises (SMEs). The stock market reopened in 2023, after a nine-year closure but is not well-capitalized, has few listings, and does not have a high volume of trading. Capital markets in Libya are underdeveloped, and the absence of a venture capital industry limits opportunities for SMEs with growth potential and innovative start-ups to access risk financing for their ventures.

Money and Banking System

Libya has been attempting to modernize its banking sector since before the revolution, including through a privatization program that has opened state-owned banks to private shareholders. The Central Bank of Libya (CBL) owns the Libyan Foreign Bank, which operates as an offshore bank responsible for satisfying Libya's international banking needs (apart from foreign investment). The banking system is governed by Law No. 1 of 2005, as amended by Law No. 46 of 2012 on Islamic banking. In accordance with that amendment, Law No. 1 of 2013 prohibits interest in all civil and commercial transactions. Libya's banking sector has developed some limited Islamic finance products. The CBL has developed a strategy to modernize the banking sector, including by expanding electronic payment systems and private foreign exchange facilities.

The CBL receives all of Libya's hydrocarbon export revenues via the Libyan Foreign Bank and is responsible for Libya's monetary policy, management of foreign exchange reserves, and supervision of the commercial banking sector. The CBL split in 2014 between its eastern and western branches as a result of the civil conflict. In 2023, the CBL announced reunification, though practically division in financial infrastructure and some processes remain.

The CBL controls access to all foreign currency in Libya, and it provides Libyan businesses access to hard currency by issuing letters of credit (LCs). Access to LCs in Libya has historically been an issue. The slow and non-transparent process for LC approval remains a significant concern for international companies operating in Libya and Libyan private businesses.

The availability of financing on the local market is extremely limited. Libyan banks can only offer limited financial products, loans are often made based on 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 small-scale projects often languish due to a lack of steady funding streams.

Libya has 21 commercial banks, the largest of which are majority-owned by the CBL, and four specialized banks. The six largest banks hold approximately 90 percent of the system's assets and loans, whereas the World Bank has estimated that nearly 30 percent of all cash in Libya is outside the formal banking system. In total, the banking system employs roughly 20,000 persons.

Foreign Exchange and Remittances

Foreign Exchange

The 2010 Investment Law provides investors the right to open an account in a convertible currency in a Libyan commercial bank and to obtain local and foreign financing. 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.

The Libyan dinar is fixed to IMF Special Drawing Rights (SDR) basket. In April 2025, the Central Bank devalued the Libyan dinar by 13 percent, changing the official exchange rate to 5.56 LYD per U.S. dollar from 4.8 LYD per U.S. dollar in response to high foreign exchange demand linked to increases in public expenditures. Following the devaluation, the Central Bank maintained a foreign exchange tax, first introduced in 2024, at 15 percent. The devaluation prompted the dinar to experience volatility and lose value on the parallel market. 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 the time of entry. CBL Decree No. 1 of 2013 regulates foreign exchange, including by specifying authorities for the execution of foreign transfer, and by prescribing limits on the transfer of currency abroad for different public and private entities.

Most firms seeking to receive payment for services and products in Libya operate using letters of credit (LCs) facilitated through foreign banks (often based in Europe). Foreign energy companies remitting large sums often make arrangements for direct transfers to accounts offshore. Although the unified exchange rate simplified trade decisions, the LC approval process remains opaque, often resulting in delayed payments.

Remittance Policies

The 2010 Investment Law allows for the remittance of net annual profits generated by an investment and of foreign invested capital in case of liquidation, expiration of the project period, or insurmountable impediments to the investment within the first six months.

Sovereign Wealth Funds

Libya maintains a sovereign wealth fund called the Libya Investment Authority (LIA). Established in 2006, it functions as a savings fund with some stabilization elements. UN Security Council Resolution 1970 (2011) froze many of the LIA's assets outside of Libya, with the

intention of preserving Libya's assets through its post-revolutionary transition for the benefit of all Libyans. The asset freeze remains in place until May 2026 via Security Council Resolution 2769 (2025), which allows the Libya Investment Authority (LIA) to reinvest its frozen liquid assets in low-risk instruments, such as time deposits and fixed-income securities, strictly to preserve their value, subject to UN Libya Sanctions Committee prior approval and provided that the assets and any interest or income generated thereon are also frozen.

The UN Panel of Experts report for 2024 estimated LIA assets to total \$71.5 billion as of 2023, with \$38.9 subject to the asset freeze. The international community and private consultancies continue to provide technical assistance to the LIA to help it improve its governance, and the LIA has officially adopted the voluntary code of good practices for transparency and accountability known as the Santiago Principles. The LIA is also currently undergoing an audit by an international auditing firm.

The LIA comes under sporadic political pressure to make administrative and human resources changes to favor certain political actors.

Section 7. State-owned Enterprises

The Libyan state is responsible for approximately 85 percent of economic activity in the country. On the periphery of the governmental apparatus, state-owned enterprises (SOE) dominate economic life. The largest are the National Oil Corporation (NOC); the Libyan Post, Telecommunication, and Information Technology Company (LPTIC); and the General Electricity Company of Libya (GECOL). The state is also involved in the following sectors:

- commercial banks,
- cement,
- transportation,
- airlines,
- construction,
- and oil and gas.

Privatization Program

The Privatization and Investment Board (PIB) is responsible for matters related to the privatization of state-owned enterprises (SOEs). None of Libya's state-owned enterprises are considered efficient. The state is deeply involved in:

- utilities,
- oil and gas,
- agriculture,
- construction,
- real estate development,
- manufacturing, and
- the corporate economy.

Between 2003 and 2008, Libya underwent its third phase of privatization, in which 360 SOEs of various sizes and sectors were either sold off completely, partially, or partnered with private entities through public-private partnerships. However, the privatization program faced limited interest due to restrictions on individual and foreign ownership – no more than 15 percent of the capital could be owned by an individual investor and at least 30 percent had to be locally owned. Fraud allegations also deterred potential investors. Since 2011, further privatization efforts have been hindered by unstable governments and security issues. However, despite these challenges, some sectors such as:

- food,
- healthcare,
- construction materials,
- downstream oil and gas,
- and education have been partially or fully privatized organically with the state's assets decaying and the private sector filling the void.

The banking sector also observed a similar story, with the failed privatization attempts of the state-owned banks, culminating with the exit of BNP Paribas from its investment in one of the banks. Since 2011 the privately owned banks have grown significantly to compete with state-owned banks, especially in their corporate offerings.

Section 8. Corruption

Foreign firms have identified corruption as an obstacle to FDI, which remains pervasive in virtually all sectors of the economy, especially in government procurement. Officials frequently engage with impunity in corrupt practices such as:

- graft,
- bribery,
- nepotism,
- money laundering,
- human smuggling,
- and other criminal activities.

Although Libyan law provides some criminal penalties for corruption by officials, the government does not enforce the law to the fullest extent. Instability and the weakness of public institutions further undermine enforcement. No financial disclosure laws, regulations, or codes of conduct require income and asset disclosure by appointed or elected officials.

The Libyan Audit Bureau, the highest financial regulatory authority in the country, has made progress to improve transparency and accountability, including international certification for a number of its auditors.

Libya is a party to the United Nations Convention Against Corruption (UNCAC).

Resources to Report Corruption

Libyan Transparency Association

Ibrahim Ali, Chairman

Telephone: +218 916344442

info@transparency-libya.org

Section 9. Political and Security Environment

There is a significant recent history of politically motivated damage and seizure by force of economic infrastructure and installations, particularly in the oil and gas industry. Forces allied with Libyan National Army (LNA) commander Khalifa Haftar forced the near-total shutdown of Libya’s energy sector from January to September 2020. The 2020 ceasefire and the establishment of the interim GNU in 2021 markedly reduced the civil disturbances that had been a daily occurrence. However, there have been periodic partial shutdowns since then. Following the “postponement” of elections planned for December 2021, the House of Representatives installed a new interim “Government of National Stability” (GNS) in a vote the UN deemed not-fully transparent. Subsequently, the GNS failed to take power in Tripoli. The GNU remains the internationally recognized government. Rival armed groups continue to jockey for control over the country’s political institutions and economic resources, which means that insecurity and instability remain a cause for concern.

Section 10. Labor Policies and Practices

Libya’s labor market is characterized by a dominant public sector that employs 89 percent of the active labor force in the Libyan economy, according to the World Bank. The Libyan labor market has many skilled workers with high levels of education, but high public sector wages and benefits result in outsized expectations among job seekers, particularly among the highly skilled. The World Bank has estimated Libya’s unemployment rate to be around 20 percent, and youth unemployment to be around 50 percent – numbers that, given the already bloated public sector, indicate a lack of private sector jobs for skilled and unskilled Libyans. The World Bank also noted significant “mismatches” between the skills Libyan degree holders possess and those demanded by foreign and domestic employers in Libya. The 2010 Investment Law permits investors to hire foreign workers when national substitutes are not available.

Current legislation does not provide the right for workers to form and join independent unions. Formal sector workers are automatically members of the General Trade Union Federation of Workers but can opt out on request. Foreign workers are not permitted to organize. Workers are permitted to bargain collectively, but the law stipulates that cooperative agreements must conform to the “national economic interest,” thus significantly limiting collective bargaining. The government has the right to set and cut salaries without consulting workers. According to Freedom House, some trade unions formed after the 2011 revolution, but they remain in their infancy, and collective-bargaining activity was severely limited due to earlier hostilities and weak rule of law. There is no data available about the prevalence of collective bargaining or about the effectiveness of labor disputes or arbitration services.

Workers may call strikes only after exhausting all conciliation and arbitration procedures. In recent years, employees organized spontaneous strikes, boycotts, and sit-ins in a number of workplaces. The government or one of the parties has the right to demand compulsory arbitration, though state penalties for noncompliance were not sufficient to deter violations.

The current law does not criminalize all forms of forced or compulsory labor. Article 425 of the penal code criminalized slavery and prescribed penalties of five to 15 years’ imprisonment. Article 426 criminalized the buying and selling of slaves and prescribed penalties of up to 10 years’ imprisonment. However, other forms of forced labor were not criminalized. The government did not effectively enforce these laws, and the resources, inspections, and penalties for violations were not commensurate with those prescribed for other serious crimes, such as kidnapping. There have been numerous anecdotal reports of migrants and internally displaced persons (IDPs) being subjected to forced labor by human traffickers. The informal economy, largely composed of migrants, is concentrated in the agricultural, construction, and domestic help sectors. Private employers have sometimes used detained migrants from prisons and detention centers as forced labor on farms or construction sites; when the work was completed or the employers no longer required the migrants’ labor, employers returned them to detention facilities.

The law prohibits children younger than 18 from being employed except in the form of an apprenticeship. It is unclear whether child labor occurs, and no information is available

concerning whether the law limits working hours or sets occupational health and safety restrictions for children. It is not clear whether the government has the capacity to enforce compulsory or child labor laws, nor is it clear whether non-enforcement of these laws has posed a commercial risk to investors.

Section 11. U.S. International Development Finance Corporation (DFC) and Other Investment Insurance or Development Finance Programs

Neither DFC nor the Export-Import Bank of the United States operates in Libya, and there is no DFC agreement between Libya and the United States.

Section 12. Contact for More Information

LEO Economic and Commercial Officer
U.S. Embassy to Libya, Libya External Office
Tunis, Tunisia

[Contact Us](#)