Libya Herald

ليبيا هيرلد

ISSUE 5
OCT / NOV 2013

BUSINESS EYE

www.libyaherald.com

PRICE: 5 LD

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From the Editor

People talk about security, but the most noticeable explosion that has hit Tripoli, Misrata and other towns, even Benghazi, in recent months is the retail explosion.

Across the country there are clothes boutiques, computer stores, furniture and home decorative goods shops where there were no stores at all before the revolution. Entire streets have emerged as fashionable shopping places which a couple of years ago were quiet residential areas.

There may be no glitzy air-conditioned malls – at least not yet – and no major outlets, and the shops are smaller and certainly more disorganised, but there now seem to be more of them in Tripoli than in the great retail metropolis of Dubai. And in a few cases the displays are as good as can be seen in Paris or Milan.

After decades of having to endure inferior rubbish on offer in shops, Libyans are without a doubt falling in love with shopping. This is more than just the western addiction to buying something new. This is, though people may not appreciate it themselves, an affirmation of the freedom in the new Libya for people to go out and buy what they want, when they want.

The greatest affirmation of the new retail environment is the huge popularity of international brands that are surfacing in Libya. They bring with them the reputation for quality and choice so long denied to shoppers in this country. And with Libyans' appetite for fast food with a well-known name, it is not surprising that some outlets have sprung up with names and logos almost identical to established international chains.

It is clear that when McDonalds, Burger King and KFC finally open in Libya, they will make a fortune. Already Cinnabon's first Tripoli branch has established itself as the US chain's top outlet worldwide in terms of sales.

The lesson of the international brands has not been lost on local entrepreneurs who are just as quickly building their own brands and chains. The same coffee shops – Casa Caffé and Caracalla for example –are opening up across the capital.

Retail is, most definitely, becoming big business in Tripoli.

Michel Cousins
Editor-in-Chief

☐ *In-Joy Cafe, Tripoli*

Libya's retail sector is booming

By Michel Cousins

Retail fashion outlets in Tripoli

Despite the present negative international media coverage of Libya, highlighted most recently with the attempt to kidnap the Prime Minister, it does not appear to have dampened business interest. Large numbers of foreign companies have been visiting since the end of Ramadan, either as part of trade missions or individually. Plenty of others are due in. What many have been saying is that "this may not be the time to get contracts, but is it is the time to build up relationships".

But a glance at Tripoli port tells another story. It is full. On some days there are 30 ships waiting to enter – and they may have to wait for up to a week.

> "What you find in Libyan shops in terms of variety and pricing is now far greater than anywhere else in the world"

The reality is that while the government sector is sluggish, the private sector is flourishing as never before. There may have been a power vacuum, but what is moving into it is not so much militants or militias-turned-mafias, but the private sector. Freed from the double dead hand of monopolistic socialism and one-family state corruption, Libya's hitherto much-battered business community is taking full advantage of the new freedom to seize every opportunity available.

More choice and greater variety

"The private sector in Libya is booming in all sectors" says Husni Bey, one of the country's leading businessmen and probably the best known. "Compared to 2010 [the last full year before the revolution], there has been an increase of at least 40 percent in business." Private sector growth is now running at 15 percent a year, he says. Property, housing, fast-moving consumer goods, capital goods (black, white and brown) – everything is moving, especially in fields not in direct competition with government operations.

New shops and outlets are opening relentlessly. In the capital, drive to Siyahiya at the city's far west end or along the main stretch in Hay Andalous or along Jeraba Street near the city centre. Stores are being refitted and new ones opening all the time. Fashion stores, household furnishings, electrical and electronic goods – and coffee shops, endless coffee shops, but quite as good as can be found anywhere in Italy. "Libya is a surprising market with an appetite for growth" says Erika Galea, brand manager at Tripoli's Debenhams store.

It is not just the number of new shops that is striking, it is the variety of goods as well. Shops are awash with products from all over the world. "What you find in Libyan shops in terms of variety and pricing is now far greater than anywhere else in the world," notes Bey. Turnover in the retail sector is estimated at LD 25 billion a year. This includes vehicle sales, particularly second-hand car sales. Over 100,000 used vehicles have been imported, mostly from Europe, in the past year – with a serious impact on the traffic particularly in Tripoli. For shoppers, the related challenge is to find parking space.

Building boom

Linked to it is a building boom. Buildings are being pulled down almost overnight and new ones rising like mushrooms, not just in the capital but across the country. They are ugly mushrooms in many cases with no one paying any attention to planning or building regulations.

In many cases they are doubly illegal because they are being wholly or partially built on public property. The continuing closure of the public records office has given rise to public land grabbing on a massive scale. It is being taken, turned into lots and, with property prices rising, sold at huge profits. "It runs into billions worth of property", says Bey.

Factors fuelling growth

The boom is fuelled by a series of factors. First, Libyans can now import almost anything without a licence, the only exceptions being arms, gold bullion, some oil sector equipment, drugs, alcohol and pork.

Then there is the significant increase in disposable income. This is the result of a 250-percent increase in the state sector wage bill since the revolution and the authorities' decisions to make a number of ex gratia handouts to the Libyan public – the LD 2,400 payment to revolutionary fighters in early 2012, the LD 2,000 family payout on the first anniversary of the revolution, the payments in 2012 and 2013 to celebrate Eid Al-Adha and the 2013 children's benefit payment. There have been others.

> "The retail market is upgrading itself in terms of quality of goods and in presentation"

Overcoming challenges

The market may be well supplied – indeed oversupplied: expiry dates are a problem in food shops – and there are plenty of Libyan customers who still look only to price. There is also an issue with consistency. At present, there is very little of it. For someone who is looking for the same product he or she bought a month earlier in the same shop, often it is no longer there. That is because wholesalers are looking to price not quality, says Bey. "If they see a product discounted in Spain they will buy it in Spain, if in Russia they'll buy it in Russia," he says.

But for others, it is not just a matter of price. There is also a growing number of Libyans who do not want to have to fly elsewhere to find quality: they want it in Libyan stores.

Shopkeepers are responding. In Jeraba Street, which is becoming one of the go-to places for the fashion conscious, shop window displays are becoming as smart as in Milan along with the clothes on offer. Not that that should be altogether surprising. Tripolitans were seriously into fashion before Qaddafi destroyed so much; before 1969, it used to be said that the latest Milan fashions arrived in Tripoli before they reached Rome.

"The retail market is upgrading itself in terms of quality of goods and in presentation," explains Bey. Besides Jeraba Street, quality is seen in other places, such as in Siyahia which his outlets, such as Mango, Marks & Spencer and Debenhams have transformed into a new shopping zone. The Monoprix chain that he has started in Libya is also trying to set standards, he adds.

Quality, he predicts, will be "the major selling pitch for the future".

Debenhams adds to Libya's retail sector growth

By Sami Zaptia

This September, leading UK department store chain Debenhams came to Tripoli, with the opening of a first ultra-modern outlet in the city. The store, part of Libya Fashions, which in turn is part of the Bey and Sons Group of companies, is the latest addition to a long and distinguished list of stores owned by the group. These include Marks & Spencer, Mango, Next, Aldo and OVS.

The group opened its first international brand store, Mango, in 2006. M&S then followed. "When we opened them, the retail sector in Libya was not what it is today. It was quite a risk opening then", explained Erica Galea, Debenhams Brand Manager. La Senza, Pronovias, Punt Roma, Benetton and Terranova are some of the other brands that have been opened by the group.

Concrete example of UK–Libya partnerships

The significance of the arrival of such a leading international retail brand was demonstrated by the fact that the store was officially opened by Nick Baird, the Chief Executive of UKTI, the UK's minister responsible for trade and industry.

"The opening of this store is a concrete example of UK-Libya partnerships", Baird explained to the *Libya Herald*. "It is one of the top UK department stores and brands" he said proudly.

"It sends a message to British businesses that there is a market in Libya and that there are opportunities for a whole range of companies", he added.

Husni Bey, head of Libya Fashions, told the *Libya Herald* that opening the Debenhams store in Tripoli at this particular time, sends a clear message to those who are wrongly labelling Libya a "failed state".

Bey was keen to stress his optimism for Libya and its business sector. He was also eager to remind those who know their history, that similar doubts were cast on Libya's ability to survive as a state just after it achieved its independence in 1951.

The owner of the new Debenhams department store said he was very proud of his company's achievements and its willingness to take a lead in the retail sector, by introducing world-renowned brands into Libya.

☐ *Debenhams department store , Tripoli*

Meeting local needs

According to Galea, "Despite all its challenges, turnover in Libya is often better than in our other locations". This she thinks is because "People are more accustomed to shopping in Libya. It's a hobby. We would like to think that our new Debenhams store is a destination point for customers. Also as Debenhams is very well established in the Middle East some Libyan clients have already seen and experienced it in Dubai and therefore already have the brand awareness. This helps when introducing a new brand into a country like Libya," Galea explained.

> "Debenhams has an international department that caters specifically for our international clients"

In terms of what to sell, Galea explained that "We have other brands in our portfolio and that has helped with stock selection. We have been working for over a year on stock selection for our Tripoli Debenhams storeand hold a wide range of products for household, children, men and women. We know our strengths and our opportunities and take advantage of the input from the group's other stores. When it comes to meeting local tastes M&S is one of the most fine-tuned stores".

Galea added "The big international brands are much more aware of the Middle East market now. They are learning to prepare merchandise for the Arab market. In 2013, for example Mango had its first ladies' Islamic bathing suit. In 2013, you could walk into M&S on London's Oxford Street and find a catalogue with "Ramadan Kareem" on it. We are paying much more attention to the Middle East customers".

"Debenhams has an international department that caters specifically for our international clients. Mango started an Arab collection three years ago. And then a Ramadan collection – so you can find *hijabs* and dresses tailored for Muslim clients. The European economic crises have meant that all major brands are tailoring themselves more for Middle East markets now," she added.

"We serve the medium to medium to high level part of the market." she explained. "while most of our international competitors serve mainly the medium to low segment of the market."

Nationwide expansion

"All our Tripoli branches are located on the Gergaresh Road," she said. This is the 14-kilometre street where most up-market international brands congregate, - and some of the brands are also on Ben Ashur's Jeraba Street, another fast-developing smart shopping area.

In terms of expanding nationwide, Galea said the Libya Fashions Group is monitoring and assessing the market constantly for new locations in new cities. Real estate is getting more difficult and prices have gone up since the group's first store in 2006.

In Benghazi, the group already has Terranova and Mango, with plans to open more. In February the group opened an M&S in Morocco, explained Kevin Bonnici, Business Development Manager for the group.

Jobs and human resource

The group has some 300 staff with Debenhams alone employing 45. The majority are young and those who speak English have better career prospects. Most training is done in-house, concentrating on Debenhams' high standards and history and what is expected of those who become Debenhams staff.

There is little tradition of customer service in Libya. Hiring good employees is a challenge, especially since the retail sector is not seen as attractive. Galea said the group was using its international brands to prove that there is indeed a serious career path within the sector.

"Staff turnover is high. Many go back to university. We are open seven days a week until 9pm. Social pressures and our late closing time mean that we have a greater turnover of female staff. Other retailers complain of the same problem. In view of all these challenges, our human resource department has done a great job in attracting the right staff for the opening of this store."

A challenge facing Libya Fashions, in common with all other retailers, has been logistics, mainly in clearing goods through ports. It used to take up to 14 days, explained Galea, but it is now nearer four. However, goods shipped by air can be in the store within 24 hours, she said.

☐ *Cosmetics counter, Debenhams - Tripoli*

New modern experience

"We are proud that we are offering our Libyan customers the chance to finally start tasting what the rest of the world has been enjoying for years," said Galea. "Shopping is a form of escapism from whatever troubles might be outside our store. We are also slowly changing culture; ladies can pamper themselves in our store with items such as nail varnish and makeup. It is nice to be part of that".

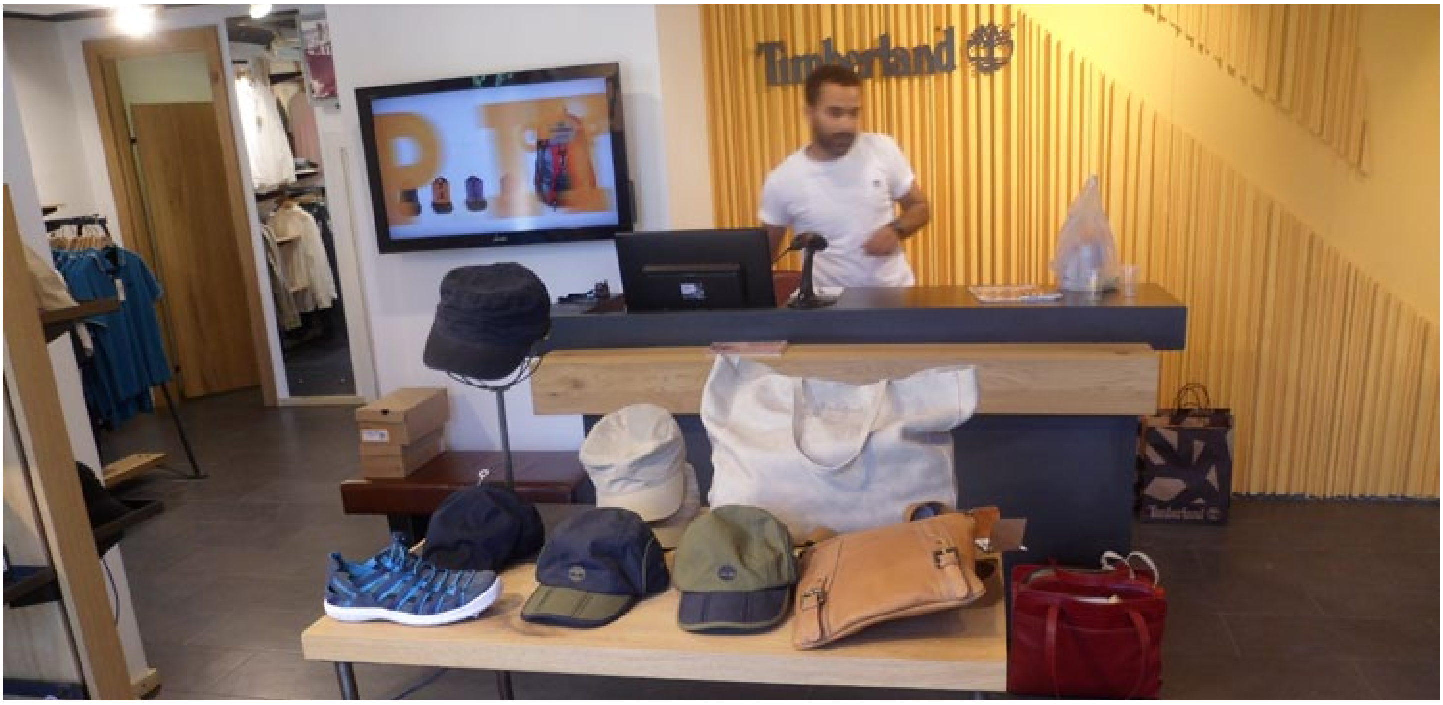
The Tripoli Debenhams department store is the latest design concept and is therefore more modern than most other Debenhams stores worldwide. It is more modern than the Malta branch which is now three years old. So the Tripoli Debenhams branch offers the most up to date experience for our Libyan customers, explained Galea.

LIBYA FASHIONS - store openings in Libya

Store	Location	Date
Mango	Gergaresh	2006
Benetton	Gergaresh	2006
Marks & Spencer	Gergaresh	April 2008
Terranova	Gergaresh	September 2008
La Senza	Gergaresh	November 2008
Mango	Benghazi	August 2009
Terranova	Benghazi	September 2009
Oviesse	Gergaresh	November 2009
Next	Gergaresh	November 2009
Aldo	Gergaresh	June 2010
Benetton kids	Gergaresh	October 2012
Next Home	Gergaresh	August 2012
Punt Roma	Gergaresh	November 2012
Dpam	Gergaresh	April 2013
Mango	Ben Ashur	May 2013
Next	Ben Ashur	May 2013
Debenhams	Gergaresh	September 2013
Pronovias	Gergaresh	August 2013

Timberland: practical American clothing for the streets of Tripoli

By Houda Mzioudet



Inside Timberland store, Tripoli

The market for high-end outdoor clothing is taking off in Libya, with a second Timberland store opening in Tripoli.

"The principle of spending time outdoors is not yet popular in Libya," explains Mohamed Bash Agha, who runs the new branch in the Ben Ashour district of the capital. However, clothing designed for style and durability is in demand and that is the market that Timberland has tapped into.

Timberland was brought to Libya in 2008 by Libyan-Maltese franchise Hudson, which also owns the New Look, Nike and Tommy Hilfiger stores in Libya. The first Timberland store was in Gergaresh, with the Ben Ashour outlet opening three months ago.

Introducing an unknown brand

It took about a year for Timberland to catch on. "At first the brand was completely unknown to a lot of Libyans," Bash Agha explains, adding that the brand appeals to customers in the 20-50 age range. "They particularly like to buy Timberland shirts," he says, adding: "They want good quality, comfortable clothes but these are also people who want to wear things not everyone else wears. They want to look special."

Word-of-mouth advertising has been key to the store's rise in popularity, according to Bash Agha. The location of Timberland in Gergaresh - next to a busy bakery - also helped attract potential customers. Staff members estimate that some 50 percent of bakery customers who pop into the Timberland shop just to have a look return at a later date.

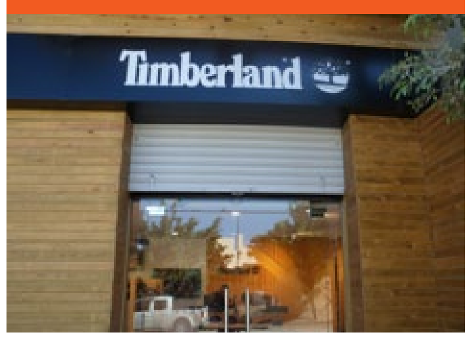
The store has developed in response to the market becoming more dynamic and growth in sales. Initially Timberland provided the Tripoli outlet with 40 percent of its full collection but this has now reached 80 percent. Cold weather clothing and footwear make up the remaining 20 percent of Timberland products not currently available in Libya.

Expansion prospects

Bash Agha is sceptical about immediate expansion in Libya. "That will all depend on the country's security situation," he says, adding: "If we do expand, we want our business to be part of a big shopping mall." With soaring property prices, finding reasonably-priced premises is now a real challenge for businesses looking to expand in the capital. In Ben Ashour, for example, rented commercial premises are between LD 10,000-15,000 LD per month.

Other international brand names, such as Caterpillar and Lee, are now vying for a place in the booming retail market for practical stylish clothing, but Bash Agha is confident that Timberland still offers something different. "All our products are hand-made - many from genuine leather - and are environmentally friendly," he explains, pointing out that even the shop interior is made up of recycled products.

> "Finding reasonably-priced premises is now a real challenge for businesses looking to expand in the capital"



Timberland store, Tripoli

Trucco: Spanish fashion for Libyan women

The Spanish women's fashion retailer Trucco, with more than 25 years' experience in the fashion sector in Spain, opened its first outlet in Libya in July this year.

By Houda Mzioudet

> To keep the Spanish ambience of Trucco retail outlets, materials for the store's interior design were imported from Spain.

☐ *Trucco store, Tripoli*

The shop, on Tripoli's Gergaresh Road, is run by the dynamic young Libyan Lina Ben Saoud. It was she who approached Trucco with the idea of opening a store in the capital. "Libya is the first experience of retail for Trucco in North Africa," she says, explaining that the biggest challenge was how to convince a foreign investor to venture into the Libyan market. This was made harder because of the international media reports about Libya which, she says, meant that many people still think of Libya as a conflict zone.

"Trucco had not considered the North African market, so we contacted them," explains Ben Saoud.The Spanish firm expressed interest and provided her and her business partner with training, advice on marketing and store design. To keep the Spanish ambience of Trucco retail outlets, materials for the store's interior design were all imported from Spain.

Researching the market

Ben Saoud did extensive market research before launching the shop in July. "We did good homework," she says admitting, however, that "like any business, there is a chance that it will not succeed."

If Trucco does prove to be another one of the capital's success stories, Ben Saoud hopes to expand and open further branches in Benghazi and Misrata.

It is early days but sales are looking good. "So far it has been a success through word-of-mouth," she says. "Initially, we didn't even have a Facebook page because we trust in the quality and style of our clothes." Trucco is stepping up the advertising now, though, designing posters and advertisements for a forthcoming marketing campaign.

Target customers

With Trucco, Ben Saoud is aiming to offer something more exclusive than the lower-end high street retail outlets. "We have a boutique style, so we do not want to have a shop in each street or area," she says, insisting that Trucco is not another Zara - the world-famous Spanish clothing brand.

With the growing number of international brands, such as Mango, New Look and Next, in the Libyan fashion retail sector, Ben Saoud wanted to target the 'smart casual' market. She says this is an area where businesses had not previously thought considered.

"I am a working woman and, in Libya, I sometimes struggle to find clothing that suits me," says Ben Saoud. Trucco designs are suitable for working women in any profession that want a smart casual look, she says, especially those who do not want to wear suits every day but still want to look presentable and elegant. "This is a gap in the market that Trucco can fill," she adds.

Trucco also caters for younger women, such as female university students with part of its collection dedicated to more hip and stylish clothing.

Competitive sector

Ben Saoud has faith in the booming retail market in Libya, with its increasing demand for international brands, which inspired her to bring Trucco to Libya. "I am proud that we are doing so well without any marketing campaign, and that we had the courage to go on this adventure," she says. She is not worried, either, about competition from other European stores with branches in Tripoli, and is confident that Trucco will succeed in the competitive retail sector.

A train of wedding dress shops – the bridal market booms in Tripoli

By Nadia El-Ahmar

Al Meshirki shop, Tripoli

Weddings are some of the most jubilant and regular events in Libya, which is why many people invest in the wedding business.

Expanding business

Bella Dona, for instance, opened a year and a half ago importing new wedding dresses from France and Turkey every few months. There is currently one Bella Donna outlet in the Nufleen area but manager Mona Abid hopes to expand to Gergaresh. “What would be even better is a Bella Dona shop in Benghazi, but it would be costly,” Abid told the *Libya Herald*. The company found Nufleen to be the best entry location, as it is famous for its wedding dress shops. There are scores of them. It is Tripoli’s Wedding Dress Central.

The boutique started with just five dresses but now has two floors full of bridal gowns. They have one trained employee who works there every day. Bella Dona also has a Facebook page for customers to ask questions and view dress designs before they decide to come into the shop to see the garments for themselves.

Italian styles popular

Al Meshirki is a more established wedding dress business which opened it first shop, in Jeraba, Ben Ashour in 2008. It now has five outlets in Ben Ashour, Nufleen and Gergaresh, each with three trained staff. Manager Amira says that “all dresses are of Italian make which the Libyan customers love, thus making us more appealing. “From my experience, I am not too keen on Turkish wedding dresses as they are so much heavier than Italian gowns. Every bride wants to be comfortable on her wedding day,” Amira said. The shop has all the latest designs, ranging from the extravagant to the simple. Most customers, said Amira, choose ballroom-style gowns or the mermaid style.

> “Pronovias has opened in many other Arab countries including Tunisia, Lebanon and Egypt. So why not in Libya? We also hope in the future to open Pronovias in Benghazi”

Uniquely Spanish

One of the newest wedding dress stores to open its doors has been the much-anticipated international Spanish brand, Pronovias. The brand was brought in by the leading Libyan businessman, Husni Bey. Even though it has been open for less than a month, store manager Yasmeen, who was trained in Spain, believes it will be a huge success in Tripoli.

“Pronovias has opened in many other Arab countries including Tunisia, Lebanon and Egypt. So why not in Libya? We also hope in the future to open Pronovias in Benghazi,” Yasmeen said.

The store has a modern feel to it including seating areas with computers showing prices and zoom options so the customer can see detailing and fabrics in comfort and at their own pace.

“Pronovias is different to any other store in Tripoli as we offer great quality for the price customers pay. They can look at our website and choose the dress they like. If we don’t have it in stock, we make the order for them,” Yasmeen said. She said that she felt a great sense of achievement with every satisfied customer.

Pronovias sells wedding veils, tiaras and broaches as well as dresses. Yasmeen said: “I think the best thing that Libyan women like about Pronovias is that there is a unique piece available for each dress, so they don’t need to worry about seeing someone at a wedding with the exact same one.”

Pronovias, next to Café Mangou, is in a prominent location in Siyahiya with Debenhams, Marks and Spencer, Mango, Next and Aldo all nearby.

Bella Donna, Nufleen - Tripoli

Senwan Trading brings top international fashion brands to Libya

By Houda Mzioudet

Above the Baby World shop on Tripoli's Gergaresh Road, sometimes grandiosely dubbed the capital's Fifth Avenue, a small team of entrepreneurs is responsible for a fast-growing business focusing on fashion and fast food which, since it was set up five years ago, has grown its turnover to LD 15 million.

Senwan Trading has brought international fashion brands such as Yves Rocher, Calliope, Okaïdi and Jennyfer to the 32 stores it has opened in Tripoli and Benghazi. There are plans to broaden the network with outlets in Misrata and Zawia.

Senwan is run by a predominantly young team. Abdurrahman Laaribi, in his mid-twenties, is the company's marketing director. He explained: "Senwan started with an outlet in downtown Tripoli for Calliope, an Italian brand specialising in women's clothes. It was a success. After seven months we opened other Calliope branches and then two Tripoli stores for Réserve Naturelle, which specialises in women accessories."

> "We cater to all tastes and prices, despite competition from other fashion stores"

Sales and marketing

Senwan's success, said Laaribi, has been based on its sales proposition, which is that its products are cheap compared to other shops and because they target lower-middle class Libyans, he said. "We cater to all tastes and prices, despite competition from other fashion stores."

The firm has raised its profile by advertising its brands heavily using billboards. However, unfortunately, said Laaribi, their posters were often ripped off. They are regularly defaced by Islamists objecting to the sight of unveiled women's faces.

Under the old regime, even though the private sector was supposedly being encouraged, it was still hard to publicise its products. Just before the revolution, serious consideration was being given to closing down Senwan. However, very quickly after Qaddafi's overthrow, all the different businesses began to grow strongly.

Adding fast food franchises

Senwan is shifting its interest now to cafés and restaurants. "The reason for this is that the Libyan market has become saturated with fashion and cosmetics. We have a severe shortage of restaurants and cafés'," Laaribi explained. The company is opening two fast food franchises, Ruby Tuesday and Canada's Second Cup.

Laaribi said that he firmly believed that the success of Senwan lies in its young and vibrant head office team and its store managers. They all, he said, brought added-value to the company through their fresh outlook on marketing and their international trading skills.

Indeed, their zest for business was likely to be called upon further, when Senwan expands its portfolio of activities from fashion and food and beverage to a new area. The firm, said Laaribi is planning to start trading aluminium.

☐ *Senwan brands in Tripoli*

The sweet smell of success - Cinnabon in Libya

By Tom Westcott

Libya's love of all things sweet has propelled Tripoli's Cinnabon cafe in Gergaresh to the top of the 900 worldwide franchises of the US company. It is the biggest Cinnabon in the world.

Within a year of opening, sales at Libya's first outlet for the cinnamon-filled sweet and sticky buns were outstripping stores in the US. "The market is good - sales are double those in the US," store manager Jonathan Redondo says, adding "sales have hit LD 10,000 in just one day."

He puts the success of the store down to cinnamon – the key ingredient to most of Cinnabon's products. "Libyans love sweet things," Redondo says, "but I think it's the cinnamon that makes our products so popular because cinnamon is traditional here".

Preparing Cinnabon's rolls

Planning to expand

Cinnabon's Gergaresh store was the first American franchise to open in Libya after the revolution, in July 2012. Brothers Arief and Ahmed Swaidek had been planning the store for two years, after signing a franchise with the Washington-based bakery chain. Cinnabon was established in 1985 and has since expanded to a global enterprise with 900 stores in 51 countries.

Libya is already a major Cinnabon success story with two outlets in the capital and another opening at the end of October. The original Gergaresh store is the largest and most popular. With a spacious seating area upstairs it offers a place for families and friends to gather and indulge their senses with rich pastries, milk-shakes and ice-creams.

Pastries and ice–cream

Each cafe has an in-store bakery where customers can watch the preparation of the cinnamon rolls and buns. Products are made fresh on the premises, with imported American ingredients, and are ready to eat in or take away.

The current bestseller is the Pecanbon– a rich pastry sporting over 1,000 calories and 56 grams of fat, although calorie-counting is not yet something that appears to interest many Libyans.

The store also sells Carvel ice-cream, an American approach to frozen desserts, that offers something a little different from the Italian ice-cream sold across Libya. The most popular flavours, Redondo says, are dulce de leche and oreo biscuit ice-cream. Oreo milkshakes are another favourite.

Popular locations

The Gergaresh outlet is at its busiest on Thursdays, with sales peaking in the evening, Redondo says. Peak time for Tripoli's second Cinnabon, in Ben Ashour, is the mornings, when its clientele of businessmen working nearby pick up breakfast on their way to work.

A third Cinnabon is opening in the capital at the end of October at Suq Thalata and a fourth Tripoli store is in the planning for the fast developing Siyahiya district. With a 30-store franchise agreement, however, this is just the beginning for the two brothers. They next plan to take Cinnabon to their home city, Benghazi, where, it is rumoured, the first café will be even bigger than any of the Tripoli outlets.

A third Cinnabon is opening in the capital at the end of October at Suq Thalata and a fourth Tripoli store is in the planning.

Cinnabon's Gergaresh store, Tripoli

PappaRoti offers Malaysian buns to Libyans

By Muhammed Elosta and Houda Mzioudet

PappaRoti, a Malaysian-based international café chains pecialising in the making of signature coffee-caramel buns and beverages, opened almost a year ago in the upmarket Ben Ashour area of Tripoli.

It was started by Ali Khalil Elayesh, the café manager, and his brother-in-law. Elayesh had the idea of introducing PappaRoti to Libya, when he was living in Dubai. Now he is very proud to be running the first PappaRoti-café in Africa. While there are no plans yet to expand in Libya, a second PappaRoti café is planned to open soon - in Cairo.

The café offers an array of unique buns which are imported directly from Malaysia. These together with an array of coffees and teas keep a growing clientele of Libyans and non-Libyans alike, coming back for more.

The welcoming and friendly atmosphere, make it especially popular on Thursday evenings, when the cafe is bustling with people especially families coming in for a coffee and all types of buns, including the strawberry and chocolate buns that are popular with customers of all ages.

Elayesh credits PappaRoti's success to providing customers with a family environment and their unique buns.

PappaRoti bun in Tripoli

Cafe Mangou: Tripoli's first women-only cafe

By Nadia El-Ahmar

There are hundreds of cafes in Tripoli but Cafe Mangou is unique in catering only for women. Ideas for a women-only cafe had apparently been circulating since around 2008, but it took until early this year for that idea to become a reality.

"I wanted to open a women-only cafe, where not even children were allowed, so that mums and girls could have their space and time to relax, without children and men," says manager of Cafe Mangou, Abdul Hakim Ben Amer.

"Most importantly they feel safe when they are here," he says, alluding to the fact that women can feel uncomfortable on Libyan streets. "Women need a place like this to escape that.

He says he thinks it will take time for to see more women-only cafes because "people who have the money are still not comfortable using it for businesses like this".

Although Cafe Mangou has a Facebook page, it is primarily advertised through word of mouth. Ben Amer prefers the cafe to be well-known by women only, and the location of the cafe - above the Mango clothing store - is imperative for privacy and security.

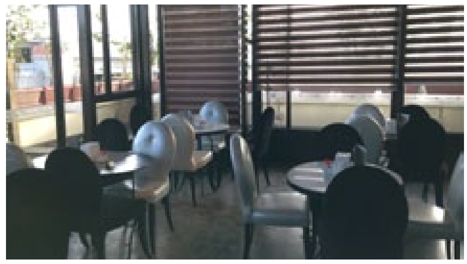
Most of the well-trained staff are from the Philippines and the cafe clearly puts emphasis on cleanliness and service. It is also particular about the food and drinks it sells, with ingredients - mostly from the 'Puratos' brand - being imported from Belgium. Ben Amer points out proudly that everything they sell is freshly-made on the premises.

A regular visitor to the cafe, Khirea Al Matai, says she often goes there with her friends for breakfast. She says she does not like going to other cafes in Tripoli because mixing with the opposite gender is not encouraged in Libyan culture.

Al Matai thinks it is disappointing that there is only one women's cafe in Tripoli. "There are family-friendly places, but not women-only. "I don't even want just one cafe in each area - I would like to see two or three," she says.

She also wishes women-only restaurants would open, saying: "Rather than always inviting my friends for dinner at my house, I would love to invite them out to a restaurant for a change."

And, with Cafe Mangou becoming a success story within only nine months of it opening, the market for women-only eateries, as well as further cafes, looks promising.



Cafe Mangou, Tripoli

Caffè Casa: a new meeting point in Tripoli

By Houda Mzioudet

In the heart of Tripoli's old town is one of the capital's trendiest coffee shops, Caffè Casa. Every day, from 7am to midnight, waiters serve a mixed clientèle who sip their capuccinos, frapuccinos and espressos in the square beneath the Ottoman Pasha's Clock Tower.

Situated just inside the bustling Old Town, it enjoys a strategic position, close to Martyrs' Sqaure and the imposing castle It attracts both Libyan and international customers, as well as members of the press.

Popular choice

"A *France 24* TV station crew came once to shoot at Caffè Casa, as well as some Libyan TV stations," supervisor of Caffè Casa, Abdulmajid Laajili, proudly tells the *Libya Herald*.

It is also favoured by political figures and diplomats. When the *Libya Herald* arrived at the café, Libyan politician, former exile and founder of the Taghyeer Party, Juma Gmati, was there having coffee.

"The former Libyan Prime Minister Abdurrahim El Keib and US ambassador Deborah, K. Jones have both been to Caffè Casa," Laajili says. The café attracts plenty of other people

Caffè Casa, Tripoli

from various walks of life, including artists, politicians as well as a variety of Tripoli residents. Its mixed clientele is also a contrast to many Tripoli cafés that remain all-male spaces.
The café's menu offers treats to suit everyone's tastes, including a selection of cakes and ready-made sandwiches. The most popular drink is the famous Italian macchiatto and, especially amongst Libyans who have lived abroad, iced coffees are also very popular.

Good location

What makes the Old Town Caffè Casa unique is its proximity to Tripoli's main touristic attractions, including its beautiful mosques and the clock tower coupled with its laid-back, European-style atmosphere. Caffè Casa products are also original, says Laajili, with coffee beans, milk and mineral water all coming direct from Italy.

The waiters are carefully chosen. "They speak English, French and sometimes Italian," says Laajili, pointing out that this reflects the international character of Caffè Casa.

"We are a team of 11 waiters, all Tunisians except for one Libyan man, who is the cashier," says waiter Skander Ibrahim, pausing for a few minutes during a busy shift. Born in Tunis, Ibrahim studied French Language and Literature at university and, finding himself unemployed after the Tunisian Revolution, found himself unemployed and decided to migrate to Libya.

The Tripoli franchise of Caffè Casa was set up by Libyan businessman Abudrrauf Abu Hajar four years ago. Its ongoing popularity has led to the opening of two further Tripoli branches - one in Algeria Square and another in Zawiyet Dahmani.

Shaping up: American gym equipment for a Libyan market

By Muhammad Elosta

Brothers Talal and Sofian Ben Yushah first brought Life Fitness gym equipment to Libya in 2006, when they started importing tread mills and weight-training equipment under their company Agar Trading for Fitness Equipment.

Talal and Sofian say they wanted to tap into a new market for Libya. After doing their research, Talal says, "we came up with the idea that ways to keep fit was something lacking for the Libyan public."

Supplying health and fitness

It was more than just a money-making scheme, he explains: "We wanted to provide people with top-of-the-range equipment that was not available to them before." Seven years later, the brothers now supply gym equipment to hotels and oil and gas companies, as well as to individual members of the public.

But the brothers quickly realised that selling quality gym equipment was not going to be enough to spark Libya's enthusiasm for keeping fit. So they also trained Libyan staff to help raise customers' awareness of the benefits of exercise, bringing in experts from Germany to run training in all areas of health and fitness.

"Any competition just gives us the chance to prove what we can offer to our consumers and community"

B–Fit Gym

They then recognised the potential of not only selling equipment in Libya but also setting up their own gym: B-Fit Gym. It is located in Tripoli's fashionable Hay Al-Andalus district.

"Our reason behind the name is because B-Fit implies that someone is enlightened on what health and fitness really means," Talal explains. "It's not just about the aesthetic reasons for joining a gym. It's about knowing what is healthy for your body and mind."

There is a lot of competition amongst gyms, especially in Tripoli, which has seen a surge of interest in ways to keep fit. This does not faze Agar, however, with Talal saying: "Any competition just gives us the chance to prove what we can offer to our consumers and community."

Life Fitness store, Tripoli

Photo: Eric Rallo/Body building Rules Magazine

Libya wins seven gold medals in Mediterranean body building

By Houda Mzioudet and Aimen Eljali

Libya won seven gold medals and the title "Champion of Champions" at the 30th Mediterranean Body Building and Fitness Championships in Corsica in October.

Aymen Werfalli, a Tripoli-based aerobics and fitness instructor and former body builder expressed his delight at the performance of Libyan body builders, stressing to the *Libya Herald*, Libya's long tradition in the sport."It is the only sport where Libyans excel over other Arabs," he added. With Salah Abu Fanas from Misrata recently crowned world champion in body building, Libya was certain to be in the top three in the World Championships' Masters, Werfalli stressed.

There are over 100 aerobics, fitness and body building gyms in Tripoli alone as well as many world-class professional trainers, Werfalli noted, and the sport has been recognised by the Libyan Ministry of Youth and Sports. The Libyan Union of Body Building was set up after the revolution.

Ghuwail Gyms: from family passion to family business

By Aimen Eljali

Gyms are opening up all over Libya. There are three of four chains emerging. One of them is Ghuwail Gyms, based in Tripoli. At the heart of the success of this family-run business lies a shared passion for bodybuilding.

The first Ghuwail gym opened in 1975 by Nourideen Ali Ghuwail, who was inspired by his own enthusiasm for bodybuilding. He had started weight training at a young age and what began as a hobby transformed into an obsession.

Nourideen opened the gym in the Fashloum district of Tripoli with friend and fellow bodybuilder, Sadouk Bilher. All the equipment was locally made in Libyan workshops. The number of people training started increasing but, when brothers Mohamed and Khalid won first prizes in the 1986 Tripoli Bodybuilding Championships, the gym gained new fame. "After that, when our gym took part in the Libya Body Building Championship, we won first, second and third place," Khalid says.

Passion and persistence

"Patience and persistence were our methods and love for the sport was our motivation," he explains. The gym continued to train and prepare young Libyans for Arab and international competitions, and with no state support. As the business grew in strength, the family opened a second, much larger gym near Airport Road.

"This was my opportunity to promote the sport in an area where it was little known," he explains. "I started with a simple promotional campaign, offering one month's free membership for young people." The offer garnered a lot of interest and the new gym rose in popularity.

"We attracted ordinary youngsters from the street, to the point that we managed to get people off street corners, and even drugs," Khalid says. "The truth is that the government should take better care of its young people and encourage them to take up sports because it is a way of helping them forget the problems this country currently faces."

The family now has four gyms – on Shara Mizran Street, Airport Road, Shara Ennasr Street and in the Zawiyat Dahmani district. All are open on a daily basis and even have a women-only day once a week, with female trainers. Through tenacity and commitment, the Ghuwail Gyms have evolved into a local success story.

Franchising in Libya - A Legal Perspective

Franchising is a growing trend in Libya. Major brands around the world are looking to enter the Libyan market but without the worries of setting up their own operations in the country, which in any event Libyan law makes difficult. At the same time, Libyan businessmen see the rewards from bringing in foreign franchises: the Libyan public wants access to the food outlets, shops and services that are commonplace in the rest of the world. Franchise operations are going to flood the Libyan market. But getting there is something of a legal minefield at present. *Sara Elaradi and Albudery Shariha explain:*

Retail fashion display, Tripoli

As yet, there exists no specific Franchise Law to regulate the franchise industry in Libya. Tellingly, the term "Franchise" does not have a unified terminology in the Middle East. Expressions such as Emteaz, Ejazaa, Roksa and Ebha along with other Arabic words are used to refer to franchising in Libya. According to the International Franchise Association (IFA) franchising involves *"a continuous relationship with the Franchisor providing a licensed privilege to do business for the Franchisee".*

Essentially it is a brilliant legal and commercial tool that allows for brands to devolve or rent their intellectual property rights to third parties, for a fee. An example would be a Libyan investor who may seek to open a franchise of the popular KFC chain of restaurants here in Libya. In order to do so, the investor would need to obtain a franchise from the owners of KFC in order to legally operate the KFC brand here. This is very commonly practiced all over the world with a wide variety of well-known companies and many lucrative franchises have been established in Libya. But where can parties look to find the legal basis for entering into such agreements?

An investor wishing to have a particular franchise in Libya must, due to a lack of specific legislation, enter the market through the Commercial Agency route or through the Trademarks route, both outlined further below. The Libyan Commercial Code (Law No. 23 of 2010) regulates both of these. General principles relating to these two routes can also be found in the Libyan Civil Code of 1953.

The Commercial Agency Law

The Commercial Agency Law (No. 6 of 2004) has since been replaced by Chapter Two of the Libyan Commercial Code.

There are various specific decrees that this law is also subject to, in theory. However, as a result of the changes in Libya since 2011, the decrees and practice adhered to can, in reality, often vary quite significantly, which is detrimental to investor clarity and confidence. Obviously, it is important for investors to have accurate, up-to-date advice to ensure that they can successfully operate a franchise in Libya.

It is clear there is a great need to draft new commercially-sensitive laws that would replace the current ones making investment easier for both domestic and foreign investors and bringing the practice in line with the written law.

> There is a great need to draft new commercially-sensitive laws that would replace the current ones making investment easier for both domestic and foreign investors and bringing the practice in line with the written law.

Libyan Trademarks Office

The second popular route for investors is through the Libyan Trademarks Office which is also regulated by the Libyan Commercial Code-Chapter Ten. Investors may apply to register their trademarks in order to protect their rights from being breached in Libya. However, it should be noted that Libya, although it has a functioning Trademarks Office, it is currently experiencing a severe backlog. It can take a number of months for a trademark to be successfully registered. Furthermore, after registration it is a relatively protracted (although feasible) process to enforce any potential breaches.

Investment Law No. 9

Finally, a third route is worth mentioning under Investment Law No. 9 of 2010, which is a progressive law seeking to diversify the energy reliant Libyan economy. Law No. 9 was the first piece of Libyan legislation to allow investments in Libya in the form of Intellectual Property rights, as a kind of consideration. Therefore rather than cash, machinery or other investment means, IP rights were recognised as a standalone type of valuable assets which could be invested into the Libyan market. This is something that international and local investors alike should consider using where possible to continue to develop the franchising industry in Libya.

Sara Elaradi and Albudery Shariha are with the Clyde & Co law practice in Tripoli

Franchising – the requirements

Compared to most countries in the MENA region, Libya is slightly behind when it comes to the presence, via franchises, of some of the biggest international brands.

Most franchises in the country are owned by the same circle of Libyan businesses. Concerns about stability, experience, expertise and market conditions all contribute to franchisers' reluctance to contract with new bidders.

Despite this, during the last year the number of successful franchises set up in Libya is on the increase. These are primarily in Tripoli – seen as a more stable and predictable market with fewer security concerns than other towns and cities.

Not heavily–regulated

Franchising is not heavily-regulated and has no specifically-tailored legal principles. Under Libyan law, it is grouped under the umbrella of Commercial Agency and falls under prohibited activities for foreign entities or individuals.
Under decision No. 207 for 2012 which governs foreign participation, Article 6 states that certain activities are confined to Libyan-owned entities or individuals. These include retail and wholesale trade, importation, catering services and all types of commercial agency activities.

Franchises, therefore, can only be granted to a 100-percent Libyan-owned entity or individual. Legally speaking, the Libyan franchisee will also need to be registered as an agent at the Commercial Agency department and obtain the necessary licence to work as an agent from the Ministry of Economy, in accordance with Article 455 of Libyan Commercial Law.

When registering at the Commercial Agency Department, various documents are required, including statements, extracts and memorandums showing that the enterprise fulfils various criteria. A copy of the signed franchise agreement, in Arabic, also needs to be presented to the Companies and Commercial Registration department within 30 days from the date of signing.

Registering the franchise with the Commercial Agency department, whilst not giving any protection or rights, is still a legal requirement at present.

Looking ahead

In practice, the registration requirement is not necessarily strictly adhered to. There are many local Libyan franchisees which are not registered at the relevant agency authority and yet still have franchise agreements with foreign entities.

This highlights a lack of monitoring of, and adherence to, current regulations. However, as the country is in transitional stage, this may be reined in. Therefore the recommendation is to adhere to legal requirements from the outset, to avoid any future implications of non-compliance.

There has been a lot of interest from businesses willing to offer substantial assistance to Libyan entities in the beginning stages, to secure the setting up and running of their franchises according to international standards. Libya is now viewed as a country of interest and a potential success story, with limited competition and high public demand for international brands.

Legal requirements and regulations surrounding franchises need to be revisited. Ideally, these should be restructured in a way that will deal with franchising on its own instead of grouping it under the broad and vague agency laws.

Fairuz Smew is an Associate at Tumi Law firm.

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Cinnabon cakes in Tripoli

LIBYA - EXHIBITIONS & CONFERENCES (OCTOBER 2013 – MAY 2014)

Date	Title	Location	Contact
26-30 October 2013	Libyan Dates & Associated Industries	Tripoli International Fairground	www.de.lepc.ly
12-14 November 2013	3rd Libyan Household Exhibition 2013	Tripoli International Fairground	www.householdlibya.com
28 Nov – 1 December 2013	Tripoli Motor Show	Mtiga Airport, Tripoli	www.tripolimotorshow.com
4-7 December 2013	Libya CONS 2	Tripoli International Fairground	www.libyacons-tr.com
9-12 December 2013	Oil & Gas Infrastructure Security	Malta	www.ogis-northafrica.com
10-15 December 2013	6th Libya Motor Show	Tripoli	www.motorshow.ly
16-18 December 2013	12th Arab Structural Engineering Conference	Dat El Emad, Tripoli	www.asec12.ly, www.asee.ly
24 April 2014	2nd Healthcare Facilities Infrastructure Libya	Tripoli	www.healthfacilitieslibya.com
12-15 May 2014	Oil & Gas Libya 2014 / Infrastructure Libya 2014	Tripoli International Fairground	www.oilandgaslibya.com
19-22 May 2014	Libya Build 2014	Tripoli	www.libyabuild.com

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Winter Schedule

Malta > Tripoli > Malta 2013/14

Malta – Tripoli – Malta

Flight No.	*Day*	*Applicable Period*	*Timings – Local*
KM 696	Monday	28 Oct 13 - 24 Mar 14	MLA 12:20 - TIP 14:20
KM 697	Monday	28 Oct 13 - 24 Mar 14	TIP 15:20 - MLA 15:20
KM 696	Tuesday	29 Oct 13 - 25 Mar 14	MLA 10:15 - TIP 12:15
KM 697	Tuesday	29 Oct 13 - 25 Mar 14	TIP 13:15 - MLA 13:15
KM 696	Wednesday	30 Oct 13 - 26 Mar 14	MLA 10:15 - TIP 12:15
KM 697	Wednesday	30 Oct 13 - 26 Mar 14	TIP 13:15 - MLA 13:15
KM 696	Thursday	31 Oct 13 - 27 Mar 14	MLA 16:00 - TIP 18:00
KM 697	Thursday	31 Oct 13 - 27 Mar 14	TIP 19:00 - MLA 19:00
KM 696	Friday	1 Nov 13 - 28 Mar 14	MLA 17:00 - TIP 19:00
KM 697	Friday	1 Nov 13 - 28 Mar 14	TIP 20:00 - MLA 20:00
KM 696	Saturday	2 Nov 13 - 22 Mar 14	MLA 17:00 - TIP 19:00
KM 697	Saturday	2 Nov 13 - 22 Mar 14	TIP 20:00 - MLA 20:00
KM 696	Sunday	27 Oct - 23 Mar 14	MLA 17:00 - TIP 19:00
KM 697	Sunday	27 Oct - 23 Mar 14	TIP 20:00 - MLA 20:00

Malta – Benghazi – Malta

KM 698	Tuesday	29 Oct 13 - 25 Mar 14	MLA 08:20 - BEN 10:40
KM 699	Tuesday	29 Oct 13 - 25 Mar 14	BEN 11:40 - MLA 12:00
KM 698	Thursday	31 Oct 13 - 27 Mar 14	MLA 16:35 - BEN 18:55
KM 699	Thursday	31 Oct 13 - 27 Mar 14	BEN 19:55 - MLA 20:15

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Developing Libya's downstream industry

By Sami Zaptia

Libya's downstream oil and gas industry is not large enough to satisfy local demand, let alone export product.

Mohamed Alloub, NOC Senior Consultant and Head of the Downstream Oil and Gas Development Committee, argued at the CWC Libya Forum on oil and gas in Tripoli in September that, for this reason alone, Libya needed to expand its downstream hydrocarbon capacity.

He said that not only was downstream too small but its technology and standards were outdated and inefficient. Upgrading and expanding downstream would expand revenues and enable the country to keep more profits. It would also create more jobs.

Growing demand for downstream products

Alloub said that Libya's strategic location and its high quality (sweet) crudes strengthened the case for expanding downstream. Justifying and expanding his analysis, Alloub said that studies showed that there would be increased world demand for hydrocarbon products until 2035, depending on product and varying from one region to another.

Demand for products such as petrol would fall in advanced industrial states, but would, for example, increase for diesel, he said. He pointed out that petrochemicals demand was growing and would continue to grow until 2025. He forecast that there would be shortages in some sectors which he saw as an opportunity for Libya's petrochemical sector to exploit.

Alloub conceded that forecasts anticipated that by 2016 there would be an 8 to 10 million b/d surplus global refining capacity and therefore, there would be low plant use and low profit margins.

Libya's refining capacity

However, as far as Libya was concerned, there was a refining deficit with Libya having to import the shortfall from abroad at considerable cost. Alloub estimated that Libya had about 380,000 b/d refining capacity between its Zawia, Ras Lanuf, Tobruk, Brega and Sarir refineries. It had deficits of about 20 percent in petrol, 75 percent in LPG and 59 percent in diesel. He felt that Libya's good quality "sweet" oil meant that there were no technological barriers to limit its refining capabilities. Libya would need to build a new refinery with a minimum capacity of about 300,000 b/d as its lower limit, in order to make it commercially profitable.

Having the right scale also applied to the petrochemical industry to justify the investment, Alloub explained.

In view of Libya's location, its production rate, its local consumption and its rate of imports of finished products, he felt that this could justify investment in one or two new or upgraded refineries.

Planning ahead

Alloub hoped that the Libyan government would allow Public Private Partnerships (PPPs) for future projects by including them in the new and much-awaited petroleum and investment laws. He felt that the government should promote private sector investment in intermediate and small projects, by facilitating loans through the local banking sector.

Regarding target markets for Libya, Alloub noted that whilst the advanced economies were experiencing single digit growth, many African countries were experiencing double digit growth. This presented a good expansion opportunity for Libya's petrochemical sector.

With regards to job creation, Alloub felt that this depended on whether Libya built refineries purely for export markets or for local consumption. These could have substantial spin-off on local job creation if petrochemicals were used as raw material for other local industries.

Ultimately, he felt that Libya's local consumption needs and anticipated demand for refined products made it a less risky venture to develop refining capacity in Libya.

> Libya's good quality "sweet" oil meant that there were no technological barriers to limit its refining capabilities.

Wintershall oil storage tanks, Libya

Uncertain outlook for crude output as eastern production remains shut-in

☐ *Oil installation, Eastern Libya*

By John Jack Hamilton

The outlook for Libya's oil production is uncertain at best until the end of the year and into 2014. The key to getting a substantial amount of oil back into production lies with the so-called Crescent Ports of Es-Sider, Ras Lanuf, Brega and Zueitina, plus the Marsa Hariga terminal at Tobruk. Between them these oil terminals are linked to fields producing more than 1 million barrels per day (b/d) or about two-thirds of Libya's total production. Fields in the west of Libya account for roughly 500,000 b/d.

Restoring production

It is these western fields, in particular the Repsol-operated Sharara in the Murzuk Basin, from where most of the rebound in production came from in late September. Output from the field was cut when a group from Zintan blocked the pipeline to Zawiya at Mizdah, approximately 180 kilometres south of Tripoli. Production was restored after the authorities struck an allegedly expensive deal with the blockaders. This enabled the National Oil Corporation (NOC) to restore output to 620,000 b/d by 23 September. Half of this production came from Sharara.

Offshore fields west of Tripoli exporting from the Bouri and Al-Jurf floating terminals accounted for approximately 80,000 b/d and the El-Fil field in the Murzuk Basin swiftly returned to its current plateau of 75,000 b/d (about half its pre-revolution capacity). The remaining 160,000 b/d of this oil came from Sirte Basin fields supplying the Marsa al-Brega terminal.

Since the NOC lifted Force Majeure at Marsa al-Brega on 22 August, it has been the only onshore terminal consistently working. It appears that local forces in Brega may have decided to reopen the terminal after falling out with the leader of the eastern oil blockade, Ibrahim Jadhran, who is also the Cyrenaica Transitional Council political bureau chairman.

Total cost of the disruption in terms of lost income could be about $15bn in 2013.

Striking deals

The Zintani deal may have established a negative precedent which could encourage other blockades by groups seeking political or financial advantage. However, in the short term, it added credibility to claims by oil officials that output, having languished at below 250,000 b/d for about a month, could soon reach 800,000 b/d. But to reach this level a deal is probably also needed with the groups holding either the Zueitina or Marsa Hariga terminal. GNC crisis committee member from Sebha, Abdeljalil Saif el-Nasser, and an official at the Petroleum Facilities Guard have told the *Libya Herald* that deals at these terminals were possible.

However, to have any realistic prospect of getting output back above 1 million b/d, Tripoli must either strike a deal with Jadhran or to retake control of the terminals from him or his allies. Neither option looks likely. According to one oil trading source, a deal with local tribes to reopen Es-Sider and Ras Lanuf failed on 15 September.

There is good anecdotal evidence to suggest that military forces linked to Jadhran are in control of Zueitina. Meanwhile, the *Libya Herald* understands that Jadhran is also claiming to have won the backing of a majority of the Obediat tribe which dominates the area around Tobruk and Marsa Hariga.

Since he expelled the NOC from Es-Sider and Ras Lanuf in July, Jadhran has rapidly become the dominant leader of the blockades, insisting that production will only restart if the government grants autonomy to eastern Libya including the right to sell oil from an eastern version of NOC. While his credibility has been tarnished by allegations that he attempted to sell oil independently of the NOC, he has also publicly mocked financial and other offers made to him by the central government. In late September, Ibrahim's brother Salem Jadhran made a televised statement claiming to have to have received cheques for LD 30 million, personally signed by GNC energy committee chairman Naji Mukhtar.

In a recent interview with The Times of London, Jadhran said that the military force he commands, named the Cyrenaica Defence Force (CDF), was able to hold the terminals and was establishing "naval units capable of defending foreign tankers". He said that the revenue from any oil sales would be split three ways between Cyrenaica, Fezzan and Tripolitania and that part of the eastern share would fund the CDF.

> Chronic failure to carry out the necessary maintenance since the revolution means that facilities are increasingly under pressure.

Declining revenues

If production stays at or below 800,000 b/d, and providing no new disruptions occur, the country can therefore expect to forego at least another $7.5bn of oil revenue by the end of the year, taking the total cost of the disruption in terms of lost income to about $15bn in 2013.

Depending on whether Jadhran is able to maintain the blockade at all the terminals in the east, the government may eventually be obliged to call on the Central Bank of Libya's $143bn of foreign currency reserves to underwrite elements of the budget, particularly the import of refined products. The outgoing central bank governor Saddek Elkaber has publicly rejected this option arguing that this kind of support is only justified as a response to external economic shocks.

The blockades will not damage equipment and facilities as happened during the rapidly enforced shutdown caused by the 2011 revolution. The impact is "not as significant as it was in the war", NOC chairman Nouri Berouin told CWC's Libya Forum, adding that "we expect some wells will be down".

This forecast was confirmed by reports on Mellitah Oil and Gas's Facebook page that some wells had lost pressure. According to a source at Benghazi-based Agoco, the company had been able shut down production at its fields in a planned manner, maintaining output of 30,000 b/d which was being processed at the company's refineries in Sarir and Tobruk. Crude has therefore continued to flow through the 400-kilometre Sarir–Marsa Hariga pipeline, ensuring that the waxy crude does not solidify.

Industry sources have nevertheless repeated concerns that the chronic failure to carry out the necessary maintenance since the revolution means that facilities are increasingly under pressure. One manager of a Tripoli-based service company described the failure to maintain equipment as "a ticking time bomb".

John Hamilton is a contributing editor at African Energy www.africa-energy.com, and a director of Cross-border Information www.crossborderinformation.com

Oil production will continue in Libya for nearly a century

By Sami Zaptia

During the CWC Libya Forum on oil and gas in Tripoli in September, Khalid Ghozlani, the managing director of the contracting joint venture, Etilaf Musharaka, shared some of his company's experiences in post-Revolution Libya.

The challenges that his firm faced coming back to Libya were to rebuild the company's infrastructure, relocate employees, sort out logistics and undertake fresh risk management as well as re-establishing its supply chains. It also needed a new office, since its old premises had been totally destroyed in the fighting. There was also a lot of work filing insurance claims for losses, which he said have still not been settled.

Overcoming labour challenges

Ghozlani had discovered that there was greater competition for good workers. He admitted that those staff members of Etilaf Musharaka who had become thuwar (armed fighters) during the revolution were being offered other, better paid jobs. "We have revised our pay scale three times and pegged pay to rig performance. We have also offered private health coverage", he explained.

He admitted however that industrial action by workers with oil industry strikes had proved a challenge: "We have tried to introduce the new culture to our Libyan staff that they can express a different opinion, without necessarily going on strike."

Bright future

Sourcing supplies and maintaining inventory were also a challenge, because of the extended lead times for products purchased abroad. He also added that firms had to be realistic about Libyan logistics.

Ghozlani said that the best analysis was that with proven oil reserves of 49 billion barrels and current production rate of 1.5 million b/d, Libya should be producing oil for the next 90 years. Thus, he said, the future for oil companies and the oil service firms that support them looked bright for the next century.

> "Libya should be producing oil for the next 90 years, at the current rate of production of 1.5 million b/d and on the basis of proven oil reserves of 49 billion barrels"

Wintershall oil storage tanks, Libya

Libya can pump 2 million barrels per day: if it invests

By Sami Zaptia

Immediate and heavy investment will allow Libya to raise its oil production from the 1.3 million barrels per day (b/d) attained after the revolution to 2 million b/d, a senior Repsol executive said in Tripoli in September.

Speaking at the opening of the CWC Libya Forum Oil & Gas conference, Ferdinando Rigardo, Repsol's Regional Executive Director for Europe, Asia and Africa, insisted that Libya could produce two million barrels of oil per day in quite a short period of time, but that it had to invest.

"With the right technology and investment, Libya can reach 2 million b/d – but it needs to invest now and invest heavily", Rigardo said. He added that despite the many challenges, Libya still has many attractive opportunities.

Gas production grows

He noted that gas production in Libya had shown strong growth over the last decade reaching 900 million cubic feet per day in 2011. The Repsol executive felt that the biggest challenge to gas development in Libya was building exporting facilities, especially as the cost would be quite high.

The offshore Bouri field produces some 110 million cubic feet of gas but the majority of this is flared off. Compressors and a 20-kilometre pipeline could run the gas to the Sabrata offshore gas rig.

Looking ahead

Rigardo said the prospects for unconventional sources of oil in Libya such as shale oil faced a series of challenges. These included the availability of ample water sources, access to a large number of rigs and the transport infrastructure for marketing. Ultimately, Rigardo felt only if Libya improved its regulatory framework could its unconventional hydrocarbon sector be fully exploited.

The Repsol oil executive also warned that in his view, there was a need for Libya's National Oil Corporation to align its interests with those of the international oil companies, in order to improve development in the Libyan hydrocarbon sector over the next few years.

> Only if Libya improved its regulatory framework, could its unconventional hydrocarbon sector be fully exploited.


Commitment to Libya
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Total, one of the world's largest oil and gas companies, has been present in Libya since the early 50's. Over the past 60 years, Total has been proud to contribute to the development of Libya's natural resources and the advancement of the country's most valuable asset - its people. In the energy sector, Total has established various partnerships in the Mabruk, Al Jurf and Akakus Fields. Total is equally proud to participate in the improvement of standards in education and the environment within the community. Total's responsibility is to meet the increasing energy demand with safe and sustainable energy sources.
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IMF report: falling oil prices reduce oil-exporters' growth

IMF, WEO panel

By Sami Zaptia

The IMF has warned, in its latest World Economic Outlook (WEO) report, that growth in the MENA region is expected to decline in 2013 mainly as a result of weak global demand and domestic supply disruptions to oil production. Growth is, however, expected to pick up in 2014 with improved global conditions and a recovery in oil production.

In a number of economies, such as Libya, high geopolitical tension, economic sanctions, unscheduled maintenance and deteriorating security have disrupted the oil supply.

Short–term outlook

The MENA region's oil output is expected to fall by one percent in 2013 with the decline "driven broadly by Libya and Iran," said the IMF. For the year as a whole, growth is projected to average two percent – a downward revision of 1.25 percent from April 2013 WEO – largely on account of lower oil production.

Growth will likely increase to four percent in 2014, with recovery in global demand and higher oil production in Saudi Arabia, Iraq and Libya.

Risks to the near-term regional outlook are broadly balanced. On the upside, geopolitical shocks and supply disruptions in the region may push oil prices higher. On the downside, weaker global demand could put downward pressure on both oil prices and growth in oil exporters in the region.

Future fiscal deficits

A sustained decline in oil prices would leave many exporters in the region with fiscal deficits. Over the past several years, increased spending has raised fiscal break-even oil prices – oil prices at which government budgets are balanced – faster than actual oil prices have risen. As a result, a number of economies, including Libya, have fiscal break-even prices above the projected oil prices for 2014.

The policy priority for the region's oil exporters is to increase resilience to oil revenue shocks while diversifying their economies for a rapidly growing labour force. The IMF advises that these nations should find non-oil sources of revenue and contain hard-to-reverse current expenditures, while maintaining social and high-quality capital spending in support of economic diversification, growth and accumulating wealth for future generations.

A number of economies, including Libya, have fiscal break-even prices above the projected oil prices for 2014.

IMF annual meeting, Washington US

IMF WORLD ECONOMIC OUTLOOK OCTOBER 2013: LIBYA

LIBYA	2012	2013*	2014*	2018*
Real GDP (Annual percent change)	104.5	-5.1	25.5	8.4
GDP per capita (constant prices US$)	12,777	10,863	14,187	20,566
Average consumer prices (Annual percent change)	6.1	3.6	9.4	8.4
General Government Net Lending/Borrowing (percent of GDP)	19.4	-5.4	-3.9	-20.1
General government total expenditure (percent of GDP)	52.9	67.0	64.9	66.2
Volume of exports of goods (percent change)	223.5	-37.2	34.9	9.5
Current Account Balance (percent of GDP)	29.2	-4.7	-4.7	-20.1

* IMF Projections

Libya – where has all the local liquidity gone?

By Amr O. Farkash

The answer lies with the commercial banks' deposits in the Central Bank of Libya (CBL) which, as of 31 March 2013, amounted to LD 35.6 billion.

Since the General National Congress decreed an end to conventional banking credits and the introduction of Islamic banking practices, the picture looks even gloomier. There is no real transitional road map from current conventional practices to Islamic ones.

The budget this year is LD 66.8 billion, equivalent to half the CBL bank deposits. If just half of this were given in credits to the private sector for value-added investments, the economy would thrive.

This March, the CBL said the broad money supply was LD 64.7 billion, and again half of this money is returned to the CBL as bank deposits. Clearly there is a problem in the Libyan banking intermediation process, which dates back to the former regime.

Analysis shows the situation cannot be expected to improve, since bank deposits are set to consistently outstrip the growth in loan facilities. Aside from deposit-taking, the Libyan banks' main market function is providing trade finance. Thus the injection of surplus liquidity to areas of deficits within the economy is not really happening.

The trade finance business is the backbone of the Libyan banking industry, and along with FX trading, is its major revenue generator.

Libya has the lowest loans-to-deposits ratio in the MENA region (23.4 percent as of March 2013 as against 70 percent for MENA). Moreover, at the largest private bank in Libya by asset base (Bank of Commerce & Development/QNB), that figure falls to 11 percent. The intriguing question here is why Libya's largest private bank is failing to match the local average and MENA region averages.

> The budget this year is LD 66.8 billion, equivalent to half the CBL bank deposits. If just half of this were given in credits to the private sector for value-added investments, the economy would thrive. ”

Three issues lies at the heart of the problem.

Legal protection for creditors

During Qaddafi's era, banks were leery of lending to private entities and individuals because of unreliable civil justice. Most preferred and still prefer lending to the public sector, its employees and a very few private-sector companies with unimpeachable real estate collateral.

Because banks distrust the system and retail customer credit-worthiness, the lending process is festering.

Credit Bureau

A functioning credit bureau, backed by policies, procedures and legislation, would evaluate risks and provide credit committees with the framework with which to assess credits. Libya's small population depends in large part on the local reputation of businesses and individuals. The banking world does not. A fair structure to evaluate each case on its merits is essential.

Solid credit applications

The Libyan private sector lacks financial savvy. Most firms know they need real estate collateral when applying for credit, but fail to grasp the impact of cash flow on a loan decision. Banks simply need to know and ensure that the borrower will be able to repay his debt in a timely manner.

Therefore, the private sector needs to supply applications that demonstrate on the bottom line that it can meet repayments. A competent finance function within a business must be created. This will require training, not just of finance officers but of owners and managers as well.

Equally bank credit officers need to understand the tools they need to assess impartially applications accompanied by business plans and detailed accounts.

If the above three processes are built into the financial sector, then credit in the Libyan market will grow, as will the risk. Policy makers should accordingly ensure that checks and balances are in place and up to the task, so that the gains achieved are not adversely affected by bad practices and higher-risk portfolios.

Amr O. Farkash is Director at OEA Capital a Libyan investment and corporate advisory firm.

No EPSAs before mid-2014 - NOC chairman Berruien

By Sami Zaptia

NOC chairman Nurri Berruien has confirmed that there are to be no new exploration-production sharing agreements (EPSAs) before mid-2014. Answering questions at an oil and gas conference in September, Berruien added that this would probably be "during a constitutional government".

The implication is that the current "interim" government is not deemed constitutional enough or does not have the authority or legitimacy to launch an EPSA bidding round. What the NOC chairman revealed is that the issuing of EPSAs is very much linked to the political and constitutional process of Libya. This may mean that, in reality, the mid-2014 target for EPSAs is quite optimistic in view of the hitherto slow political and constitutional process in Libya.

Berruien admitted that "the current EPSAs had problems" for both the NOC and the international oil companies, and hoped that the new EPSAs would "encourage long-term development".

NOC chairman Nurri Berruien (right)

Franco-Libyan-Tunisian banking seminar on managing credit risk

By Houda Mzioudet

Mastering and managing credit risk was the subject of a recent Franco-Libyan-Tunisian seminar in Tripoli. This was part of a wider project to set up professional training programmes for the banking and finance industry in Libya, leading to the award of international diplomas in banking.

Structured training programme

The seminar was organised by the International Institute of Banking and Finance in Tripoli, in partnership with the French banking training institute, the Centre de Formation de la Profession Bancaire (CFPB), and Tunisia's Academy of Banking and Finance (ABF).

It followed the signing of a Memorandum of Understanding between the organisations on a programme to develop Libyan banking skills by creating a structured training scheme, with courses in Arabic. In collaboration with the Libyan banking community, the control and management of credit risk was identified as a priority.

The intention is to create a competitive banking industry that can support Libyan growth, develop Libyan human resources and develop cooperation between the Libyan, French and Tunisian banking sectors. The project is, at present, funded by the French government but under the auspices of the Central Bank of Libya.

Collaborative knowledge sharing

The French CFPB already has a long-standing relationship with its Tunisian counterpart, ABF. One of the objectives of the new link with Libya is to develop a tri-polar relationship between the three countries that

The intention is to create a competitive banking industry that can support Libyan growth.

could result in new sources of financing and knowledge-sharing. This, in turn, could be developed to include other Arabic-speaking countries in the future.

The seminar was attended by the Governor of the Central Bank of Libya, Saddek Elkaber, French Ambassador Antoine Sivan, and the head of the French Embassy's economic department, Marc Deballon. The final seminar of the programme will take place in Paris.

Toyota Libya - it's more than just the cars

By Tom Westcott

Toyota Libya, the country's only appointed exclusive distributor of Toyota products, is not only committed to offering Libyans high-quality Japanese cars. It points out that it is also making a contribution to rebuilding the country, and running their own training courses for young engineers.

☐ *Libyan graduates from Toyota Libya 'Discover Your Talent' training course*

Toyota Libya was established in the Misrata Free Zone in June 2010, officially importing vehicles and spare parts. Deputy Division Manager Abdurahiem Muftah points out that "official" means "made by Toyota and intended for sales in Libya." These vehicles, he says, take into account the difficult road and weather conditions in the country.

For Libyans, he says, the most popular Toyota is the Hilux pick-up, many of which are utilised for different purposes by both private and governmental sectors.

When the vehicles arrive at Misrata, they are unloaded and inspected. Then, when an order comes in, the cars are cleaned, checked by quality control and installed with a warranty booklet, before being delivered to the customer by one of the company's selected distributors. "We want our cars to be sold to the end-user, not a broker," Muftah says.

> "In the long run, Toyota wants to transfer technical skills and know-how to Libya"

Developing local talent

Toyota Libya, however, has a larger plan in Libya than just to sell cars. "Our intention is to concentrate on social responsibility," says Muftah, "in the long run, Toyota wants to transfer technical skills and know-how to Libya." The company is already 88 percent staffed by Libyans but the eventual aim is for it to be completely Libyan-managed.

As part of this commitment to social responsibility, Toyota Libya are running three-month long courses, entitled Discover Your Talent, for top students from the country's technical colleges. "We contact the institutes and say we want to sponsor some students to participate in our courses and ask them to put forward their best students," Muftah explains.

The courses, which started at the end of 2012, cover several areas: English language (with a focus on technical English), technical report writing, troubleshooting and computer training. There are also theory and practice components, which include practical workshops.

Providing opportunities

Jobs are secured for many of the successful graduates and the two top students on each course who get the highest marks in the exams have the chance to visit Japan. There, they spend ten days gaining further training and experience, which includes visiting the Toyota factory and seeing how Japanese technicians work.

Although capacity is limited, at present, to 20 students per course, Toyota Libya plans to extend this to 40 in the near future, as well as expanding the variety of training they can offer to include paint and bodywork courses.

"We are committed to running these courses as long as we exist," Muftah says, "continuation is very important to this project because this is a way we can serve the Libyan community".

Tackling Libya's human resource challenges

By Sami Zaptia

Opening a workshop in late August on Libya's manpower and unemployment problems, Labour Minister Mohamed Swalem said that Libya faced "many challenges in human resources development, including the link between training and educational outputs and the needs of the workplace". He added that the Ministry of Labour aim to train and rehabilitate over 18,000 job seekers.

With reference to the issue of the lack of linkage between the outputs of the educational sector and the demands of the workplace, Minister Swalem complained that "all Libyans today want to follow academic and not vocational paths of study and foreign labour ends up doing all the work. We prefer that locals did this work, of course".

He explained that Libya needed to put in place sustainable and relevant academic and vocational curricula in order to meet Libya's future needs for qualified and skilled manpower.

☐ *Labour Minister Mohamed Swalem*

Chinese car company Geely takes on the Libyan market

By Houda Mzioudet

Chinese car maker Geely has resolved to break into the lucrative Libyan car market, taking on already-established Japanese and Korean competitors.

Chairman of Geely's distributor in the MENA region, Raouf Ghabbour, has described the Libyan market as a "promising one" for business. Libyan customers, hungry for new cars that can offer comfort, reliability and stamina in the country's congested streets, are primed for a new brand.

The official Geely agent in Libya is Al Bustan Al Zahaby, which has established a distribution network of more than ten authorised agents across the country, according to Managing Director Ahmed Baz. It officially opened for trade in the last week of August, delivering 25 cars, and has now launched a country-wide promotional campaign.

Baz hopes that Geely cars will be as successful in the Libyan market as they have in countries such as Algeria and Iraq and it is off to a promising start.

With the acquisition of the Swedish car maker Volvo, Geely has been able to transfer European technology and performance to Chinese cars to help win customer trust. Libya is the first country in the region where Geely's Great Wall pick-up trucks will be marketed.

> Geely has been able to transfer European technology and performance to Chinese cars.

Service centres

Since its launch, Al Bustan Al Zahabi has set up a state-of-the-art service centre covering an area of 9,500 square metres in the Serraj district of Tripoli, offering sales, spare parts and servicing. "We have received over 1,000 cars so far in our warehouses, as well as numerous spare parts," says Baz.

Al Bustan Al Zahabi's goal, he adds, is to have a maintenance centre run entirely by trained and experienced Libyan staff. To this end, the company hopes to establish a small academy within a year, as a training centre for graduates.

Geely car launch, Tripoli

Its distributors have ensured that the cars are marketed throughout the country, Baz says. "Now there are over 30 showrooms across Libya including in Bengahzi, Misrata, Sebha and the Jabal Nafusa area."

An accredited maintenance centre has been set up in Sebha, providing services for customers outside the capital, and a mobile roadside rescue service is also available. These, along with a focus on post-sale services and product guarantees, make Geely a strong contender in the Libyan car market.

A grey area - Libya's unofficial car imports

By Tom Westcott and Ashraf Abdul Wahab

Traffic in Tripoli

The car market is huge in Libya - a country where everyone wants to own at least one car. With regulations relaxed after the revolution, a lucrative trade in unofficial vehicle imports, known as grey imports, is now thriving.

Unofficial vehicle imports

Both established businessmen and entrepreneurial young people have been taking advantage of the less stringent regulations on vehicle imports to set up business ventures. Some of these import brand new cars but unofficially – meaning that, at the point of manufacture, they were not destined for Libya.

This is damaging both the market and the country's economy, according to an official distributor of a prominent car marque. He also points out that customers are being cheated because new cars intended for elsewhere are not fully covered by warranty. He adds that customers buying brand new grey imports are taking a risk because the car's engine and specifications may not have been designed for Libya's weather and road conditions, potentially leading to mechanical problems.

Grey imports to the secondhand car market in Libya are also huge, he says, but adds that the quality of these vehicles is often poor. "Many are not fit to be on the road and some Libyans are bringing in very cheap cars that are actually only fit for scrap," he explains.

Lack of control

A law was apparently put in place five years ago to put an end to grey imports but, the distributor says, "the borders and sea ports cannot be controlled, so this is impossible to implement."

After the revolution, it became even harder to control vehicle imports and Libyans were quick to spot the market potential. Medical student Mohamed Siba'ei started to export cars to Libya from Canada, where he was studying.

"Imported car procedures eased up because many regulating laws were suspended," Siba'ei explains. "Such regulations used to complicate procedures for importing secondhand cars."

He initially bought cars for family and friends but then started importing more, selling them on the internet and through Facebook. Siba'ei now sells 20 to 25 grey import vehicles a month, making US$ 200 - 500 profit on every sale. The most requested cars, he says, are Korean and Japanese makes, followed by German vehicles and American four-wheel drives.

Responding to market demands, he has also started to supply spare parts, motor oils and even the occasional motorbike. He knows this is not a long-term business prospect, saying: "I do not expect this to continue for long - it is likely to end as soon as the state becomes organised." In the meantime, however, he will keep taking advantage of the relaxed regulations to offer Libyans a choice of secondhand cars from Canada.

> During the course of this year, the value of second hand cars on the street has halved.

Lucrative and unpredictable

Lucrative though the grey import market has been since the revolution, it is also unpredictable. As the country has opened up, unofficial imports have shifted from being controlled only by businessmen. People have started realising that they can choose and import their own cars directly from Europe, cutting out the middleman and saving themselves hundreds of dinars.

During the course of this year, the value of secondhand cars on the street has halved. A fairly mediocre small second hand Nissan that cost LD 4,000 at the start of the year is now worth LD 2,000 maximum.

Those importing small numbers of vehicles are weathering the storm well. Not least because the price of secondhand cars in Europe is very low by comparison - that same Nissan would be sold for around £500 in England.

Some businessmen importing on a larger scale, however, have lost a lot of money. After the release of a shipment of 597 cars destined for Benghazi, which had been held in the Ukraine from March to August, the importers demanded compensation. Investor Nasser Ajaj said the value of secondhand cars had plummeted during the six months they had been waiting.

It seems unlikely that regulations on grey imports will change soon, with the government facing much more pressing problems. And, with many Libyans keen to upgrade their cars, and increasing options to buy and import these independently, the short-term future for grey imports looks distinctly bright.

Air Libya launch new air cargo service with UK's Chapman Freeborn

By Tom Westcott

Chapman Freeborn Antonov An-26

Benghazi-based Air Libya has started a new cargo service in partnership with the UK's Chapman Freeborn Airchartering. As part of the agreement, an Antonov An-26, managed by Chapman Freeborn, is now operating out of Tripoli's Mitiga airport.

Chapman Freeborn said it expected high demand for the freighter, which can use short and unpaved runways in remote locations, making it well suited to service some of Libya's more remote desert locations. With a 5.5 ton payload, the aircraft will be available for cargo charter requirements within Libya as well as international flights to and from the EU and North Africa.

Regional air cargo solutions

"We're delighted to be working in partnership with Air Libya to develop air cargo solutions in the region. Freight forwarders and energy industry clients will benefit from this cooperation which offers professional, reliable services between the country's key hubs and more remote locations," said Chapman Freeborn's project manager Paul Drew. He added that, given the limited and often expensive air and sea freight options currently available in the country, the announcement of the new partnership had been very well received.

Chapman Freeborn and Air Libya also plan to introduce internal scheduled services to connect Tripoli and Benghazi with Libya's more remote airfields – including regular operations to the oil fields in the south of the country.

Investing in aviation services

"The venture will provide much needed logistics solutions in a country where few international aviation companies are currently willing to invest in establishing services," said Chapman Freeborn.

Air Libya was set up in 1996 as Tibesti Aviation, the first private aircraft operator to be granted an AOC in the country. It became Air Libya in 2004 when UAE-based Attibco Aviation Service acquired shares in the company. Operating out of Kufra and Sebha, as well as Benghazi's Benina Airport and Mitiga, it has focused on fleet expansion to provide services for the energy industry as well as scheduled passenger services and chartered VIP flights.

Italians to win major Air Traffic Control contract

By Hadi Fornaji

An Italian company appears to have won a five-year deal with the Libyan Civil Aviation Authority (LCAA) to upgrade civilian air traffic control (ATC), beating off stiff international competition from among others NATS of the UK.

The *Libya Herald* understands that the multi-million dollar contracts will be signed shortly. The ENAV group with its subsidiary Techno Sky, has won two tenders relating to "the supply of consultancy, technical and training services to assist the modernisation of the LCAA systems and its organisational and regulatory processes". ENAV's tender will involve the development of a plan to modernise air navigation services and boost the LCAA's capacity to manage growing Libyan airspace traffic volumes. It will also be training managers whose job will be to run the changeover to the upgraded ATC system.

ENAV says its Techno Sky's mandate involves a strategic survey of Libya's current ATC technology. Group CEO Massimo Garbini said: "These two important contracts are all the more important in a period of severe crisis in air transport. Moreover, we are proud to represent Italian excellence in a sector involving such advanced technical skills and specialisation".

This deal will be seen as a further reward for help the group gave Libya in the wake of the Revolution, when it provided free re-certification for Libyan air traffic controllers. The first instalment came last September when ENAV won a $1 million contract to provide two-week courses for 140 new Libyan air traffic specialists.

A Libyan source close to the negotiations confirmed to this newspaper that ENAV's readiness to become involved with the LCAA on a pro bono basis, at a time when local budgets were far from clear, was one factor that weighed in the Italian group's favour. The source went on to say that there were other ATC engagements to be awarded that had not been given to ENAV and Techno Sky.

Talks on resuming Qatar Airways flights

The Minister of Transport, Abdel-Qader Mohamed Ahmed, had talks in October with acting Qatari charge d'affaires Nayef Abdullah Al Emadi about the possibility of Qatar Airways resuming flights to Libya. The talks focused on assuring security at Tripoli International Airport. They also touched on possible joint cooperation between Libya and Qatar in some investment projects.

Qatar Airways stopped flying to Tripoli at the beginning of August after a flight from Doha was prevented from landing when an armed group forced air traffic control staff at the airport to deny it permission to touch down. It went to Alexandria instead.

Libyana to be floated on stock exchange next year

Libyana, the larger and more profitable of the two main state-owed mobile phone companies, is likely to be privatised in the second quarter of 2014.

By Nigel Ash

The news was given by Faisel Gergab, the chairman of the holding company Libyan Post Telecommunications and Information Technology Company (LPTIC) which owns both mobile phone businesses. Speaking at the FDI Libya conference in London in September, Gergab said that Libyana's smaller rival, Almadar was also likely to be floated on the Libyan stock exchange later next year. Between them the mobile operators have some ten million customers, 99 percent of whom use prepaid cards.

He did not say what percentage of either business would be offered to the public, but stressed that the Libyana Initial Public Offering (IPO) would be aimed at local investors. LPTIC has just begun the process of selecting advisers for the deal.

Local and international expansion

LPTIC, which also owns ISP and data providers LTT and Aljeel Aljadeed in a portfolio of eight ICT businesses had, said Gergab, been working with consultants Booz and Allen to develop the Libyana and Almadar business models."It is our plan that Libyana, which has a 70 percent market share, will become the main player in Libya."

Almadar meanwhile will be folded into the LapGreen investments, which are currently run by the Libyan African Investment Portfolio, itself part of the Libyan Investment Authority. It will focus on international expansion, mainly in Africa.

> "It is our plan that Libyana, which has a 70 percent market share, will become the main player in Libya"

Investing in services

Gergab said that between them the two mobile operators had revenues of $2 billion, with Libyana earning the better return on investment. Both businesses would provide a full range of services, including broadband. Currently only one percent of mobile traffic is made up of data, with the rest being voice.

He said that both firms would be moving to 3G connectivity with a total investment of between $600 and $700 million. Broadband penetration in Libya was currently no higher than 15 percent, which, said Gergab, was far too low when measured against GDP. He particularly wanted to increase WiMax coverage to 40 percent of the country.

Describing LPTIC as "a bit of a monster" created by the old regime to lump together everything to do with communications, he said that the restructuring had been developed after working with outside consultants. There were significant overlaps that could be exploited, explained Gergab, who also sits on the board of the Libyan Investment Authority.

Investing in people and infrastructure

The 15,000 workers within the LPTIC companies had, he said, an average age of 55 and very few of them have a university degree. In order to bring on new cadres of trained workers, the holding company had set up its own ICT academy.

Infrastructure extensively damaged during the revolution had been repaired, said Gergab, but the businesses still faced problems. Even though they generate much of their own electricity, recent power cuts had knocked out key parts of the phone system. Security remained a challenge, especially for workers who had to go to remote areas to look after installations.

Gergab revealed that fixed lines are also in for a serious upgrade. NETCO, the National Telecom company which owns the infrastructure, is working on a fibre-optic network and also considering transmitting along high voltage cables.

Thinking differently

"Our problem is that we inherited an infrastructure that was never customer-oriented." The announcement that a third operator licence is due to be awarded is bad news for us. But it will put us under severe pressure to raise our game and improve our services. We need to work around the challenge and learn to think differently."

IT reform law presented to GNC

By Sami Zaptia

The constantly changing pattern of risks in ICT and the persistent efforts to combat and negate these were key topics at the first Libyan Cyber Security conference held in Tripoli.

The three-day event, sponsored by the government's National Information Security and Safety Authority, attracted contributions from Microsoft, Hewlett-Packard, IBM and PriceWaterhouseCoopers.

It began by looking at firewalls and prophylactics, then moved on to consider the advantages and challenges of using open source software. The conference also considered the security of big data as well as protecting users of e-government sites. It ended with the analysis of a survey of the legal environment around data protection and theft, which included the returns businesses can expect on their investment in increased security.

Libya to allow private mobile phone company to operate

By Nigel Ash

Plans to open the Libyan mobile phone network market to the private sector have taken a step forward with the announcement by Communications Minister Osama Siala that a tender will be launched in 2014 for bids from international private telecom companies to operate a network.

At present, there are three mobile phone operators – Libyana, Almadar and Libya Phone – but all are state owned. They contribute between two and three percent of the country's GDP.

"We are going to propose a mobile telephone licence for the private sector in three to six months," Siala said. The government and the General National Congress (GNC) Communications Committee, he said, had approved the move.

There are some ten million mobile subscribers in Libya at present, far more than the number of people. The reason for this is that many Libyans have two accounts, one with Libyana, the other with Almadar. The service provided by the two main operators is far from reliable, so many have dual sim-card phones.

The networks are patchy and calls regularly break up or cut out altogether. Having two lines improves the chances of successfully making and receiving calls. Even so, the quality of telephone calls is a major bugbear for Libyans. Even the Grand Mufti has complained publicly about it.

Siala had said that the ministry would like the new private operator to be foreign. This would sharpen competition, he said, adding that it is, however, dependent on the passing of a law to encourage foreign investment. This is currently being considered by the GNC. Congress would decide if bidders could be Libyan, foreign or joint-ventures, he said.

Opening the market to the private sector is seen as a necessary first step to privatising the three state-owned providers.

☐ *Communications Minister Osama Siala*

There are some ten million mobile subscribers in Libya at present, far more than the number of people.

LTT signs ADSL-2 internet contract with Alcatel

By Ashraf Abdul-Wahab

Libyan Telecommunications and Technology company (LTT) signed a €2.3-million contract with French firm Alcatel-Lucent in Tripoli in September for the third stage of the development of ADSL-2 internet services in a number of locations around the country.

Communications Minister Osama Siala, said improving the telecommunications services was a "national duty" requiring the collective efforts of everyone at LTT. The project will provide 120,000 lines in places until now without internet services – such as Sousa, Juba, Jardinah, Rigdaleen, Rahibat, Timmenhent, Samnu, Zighan, Al-Mayah, Abu-Issa, Tamzin, Jebel Owainat and Traghin.

According to the French company, the project will dramatically increase the speed of internet services in Libya.

The work will take some nine months to complete, said the chairman of LTT, Abdel-Basset Senussi, but given the present security problems, fully-working internet services would not necessarily be available immediately. Nonetheless, in spite of all the difficulties, he said the company was working hard to provide the best telecommunication services for everyone in the country.

☐ *Alcatel logo*

The ADSL 2 project will provide subscribers, via landline telephone cables, with higher internet speeds.

In August, Alcatel-Lucent won a contract from Hatif Libya (Libya Telephone) to extend and upgrade the landline telephone network in Libya south of Tripoli and in the Western Mountains.

Enterprise Award 2014 launched with increased prize money

By Sami Zaptia

☐ *Launch of Enterprise Awards 2014 in Tripoli*

The Enterprise Award for 2014 was launched at a ceremony in Tripoli in September attended by the Deputy Minister of Higher Education and Scientific Research, Bashir Shtewy, British ambassador Michael Aron, British Council head Cherry Gough and a number of GNC members.

This will be the third opportunity for budding Libyan entrepreneurs with great business ideas to win not only cash prizes, but also support for turning their brainwaves into reality.

The Enterprise Awards were launched in Libya in 2012 for students in higher education in collaboration with the British Council. In 2014, the entrant with the best business idea will win a cash prize of LD 60,000. The second and third placed students win LD 40,000 and LD 25,000 respectively. These prizes are all LD 10,000 greater than last year.

Students will also receive training, advice and mentoring in the basics of doing business, from setting it up, accounting, marketing, sales and management to market research.

This will be the third opportunity for budding Libyan entrepreneurs with great business ideas to win not only cash prizes, but also support for turning their brainwaves into reality.

Encouraging entrepreneurship

The idea behind the prize is to improve entrepreneurship, innovation and the linkage between the outputs of Libya's educational and vocational training sector with the needs of the Libyan workplace. This is especially true since the 17 February Revolution where Libya is aiming for a truly free market, competitive economy. The aim is also to encourage students and university graduates to seek self-employment as a vocation and to wean them away from a culture of state-dependency with state-provided jobs. The 2014 finals will be held in Tripoli.

Winning ideas

Over 200 students from all over Libya entered the 2013 competition, putting forward their business ideas to their regional higher education committees. The top 30 ideas made it to the national finals.

The winner of the 2013 prize was an App created by Mohamed Bishty for the location and mapping of land mines. ''I'm still developing and working on my project. I'm now cooperating with an Italian company to further improve the programme,'' Bishty told the *Libya Herald*.

Khalid Al-Zein won 2nd prize this year for his remote controlled robot and Fathi Hamuda won 3rd prize for his construction jacks, made from local scrap.

The organisers are interested in attracting private sector sponsors to contribute to the prize as well as providing competitors with training, mentoring, business consultancy, on the-job-training and internships. The closing date for presenting business ideas to local higher education committees is 31 December 2013.

For more information on the Enterprise Libya Awards including conditions for entry (in Arabic only) see: www.ea-libya.ly

Startup Weekend Tripoli V2 produces varied finalists

By Sami Zaptia

The final of Startup Weekend Tripoli V2 held 12-14 September produced a variety of business ideas on its last day. The nine finalists took it in turns to market their ideas on stage and answer questions from the table of judges.

Startup ideas on renewable energy, security, marketing, investment, training, donating blood and employment were presented by the nine finalists.

Winning idea

Khadimny Naejbek (Employ me you will like me) was the ultimate winning idea, and was, as its name suggests, a job market website which offered training, consultancy and careers advice as well as advertising jobs.

In second place came team Blood Bank, which was an internet and mobile phone app linking those who need blood with a database of volunteer blood donors. Jraba Marketing won third place with their internet and mobile phone shopping app.

During his opening remarks, the Minister of Sport and Youth, Abdelsalam Ghwella, said that his ministry was "committed in its support for the event and any event that at its heart involved youth". He invited young Libyans to get in contact with the ministry in order to exchange ideas on a series of events that it was launching.

☐ *Khadimny Naejbek (Employ me you will like me) - Winning team, Startup Weekend Tripoli V2*

Learning the basics

Over the weekend, starting on Thursday night, individuals and groups had pitched their business ideas to a panel of experts. Participants – winners and losers – got to learn the basics of establishing startups and launching successful business ventures so that by the end of the event on Saturday night most walked away more enlightened.

Participants also received coaching, training and mentoring by various experts, trainers and leading business executives in the hope of giving them a better chance at creating a new business venture.

While the event did not attract as many participants nor as large an audience as last year, the participants and volunteers seemed to enjoy the whole occasion.

Libyan inventors win French innovation awards

By Houda Mzioudet

In September, two Libyan inventors won gold medals at an international competition in the south of France which attracted more than 100 entrants from all over the world.

Abdelhakim Arrabti and Jalal Annaghassa were the first Libyans ever to enter the Moug'Innov competition since it began in 1948, which is now held at the futuristic Eco Parc at Mougins, near Cannes.

Arrabti's innovation focused on aviation technology while Annaghassa designed a piece of equipment for geological exploration.

When they both arrived back in Tripoli International Airport to a jubilant welcome from supporters, they said they dedicated their success to the Libyan people and particularly to its youth. They also praised the support they had received from the GNC and the Libyan government.

The French ambassador to Libya, Antoine Sivan, told the *Libya Herald* that he welcomed the decision of the Moug'Innov jury to award the gold medal to the Libyan inventors. He encouraged them: "to continue their work, which makes a contribution to the spreading of Libyan research in the world".

Very optimistic about Libya's potential – UKTI Chief Executive Nick Baird

☐ *Nick Baird, UKTI Chief Executive and Jalal Mangoush, General Manager United Fashions Group open Debenhams in Tripoli*

Nick Baird, Chief Executive of United Kingdom Trade and Investment (UKTI), had a busy trip to Libya in September. It coincided with a number of events including a UK healthcare delegation, the Oil and Gas Forum in Tripoli, and the official opening of UK department store Debenhams. The *Libya Herald* asked Baird why the UK saw Libya as an important market.

By Sami Zaptia

The UK government was on a major export drive, aiming to double its annual exports from £500 billion to £1 trillion by 2020, Baird explained. With the world economic crisis, the UK needed sustainable credit-driven growth, he said. Traditional markets in Europe and the US were weak, leading the UK to look to export elsewhere, including the MENA region, where populations and markets were growing.

Target market

Libya was a priority target market for UK export growth, he said. It has huge potential, resources and entrepreneurial people. The 42 years of poor government under the old regime had not fulfilled Libya's development needs and it had relied too much on the exports of oil, rather than using oil money to build its infrastructure. This, said Baird, was where the UK was strong.

UK cooperation with Libya was also about attaining political stability by building a strong Libyan economy and creating jobs in diversified sectors, leading to increased stability, he explained.

Long relationship

Historically, the UK had had a long relationship with Libya, he pointed out, one which continued today. Around 50 percent of overseas Libyan students were sent to the UK, there was a large number of dual nationality Libyans and some 3,000 Libyan doctors were working in the NHS.

The Libyan market was a challenge, he said, because Libya was now in a stage of transition, and big contracts were unlikely to be signed. However, some collaboration was underway, with De La Rue printing Libya's bank notes. In the infrastructure sector too, the UK was cooperating with the Libyan Ministry of Transport and supporting Libya in its bid for the African Games using the UK's recent experience with the Olympics in London.

> "Companies need to build relationships and show patience and commitment to Libya for the medium term"

The UKTI chief was equally optimistic about joint retail sector development, underlined by him being the guest of honour at the official opening of the first branch of UK department store Debenhams in Tripoli's Siyahiya district.

Optimistic about opportunities

Baird felt it was important that the UK government and businesses understood the opportunities Libya offered and did not get 'scared off' by current instability. The strong links between the countries should be understood by businesses. "The more they understand, the more companies will come to Libya", Baird stressed, pointing out that this was a two-way process.

"Companies need to build relationships and show patience and commitment to Libya for the medium term," he said, "Opportunities will come, and this country will use its entrepreneurship to build a strong economy". He added that he remained very optimistic about Libya's potential.

The UKTI CEO was clear what his message to British businesses would be: "I want to go back to the UK and say that business is being done in all sectors in Libya – don't believe everything you read in the newspapers."

Successful British healthcare mission

☐ *Mission organiser Kathryn Borg (center) and healthcare delegates*

British medical companies visited Tripoli in September to see for themselves the sort of medical equipment, supplies and training that are still needed within the Libyan health sector.

A series of visits to private and public hospitals and workshops with local health professionals, gave the British team a pretty clear idea of the strengths and weaknesses of existing facilities, said mission organiser Kathryn Borg.

Among the medical centres visited were the Tripoli Medical Centre, the St James Hospital, El Baraa Hospital, the Al Fardous Clinic and the National Oil Company hospital. At each place the visitors were given a tour by medical staff and managers and then sat down with them to talk through how services could improve and to what extent the British firms could help meet these improvements.

The firms involved in the mission, which was organised by the Yorkshire and Humber region with the British government's UKTI , included the School of Nursing and Midwifery at the Robert Gordon University in Scotland, hospital bed manufacturer Sidhil, the University of Cambridge, Judge Business School and medical supplies provider Shanti Sewa .

One of the companies, Cteq has already established itself in Libya with a local distributor. Cteq, which focuses on the refurbishment of medical premises has already complete work on two Libyan clinics. As such, said Borg, the firm was able to pass on to the other British companies on the trip, its experience of operating in Libya.

"The mission was a tremendous success for the delegates," said Borg, "They have made good contacts and started to build relationships with the people who need their services and products."

She added. "I think it was also a success for the doctors, nurses, and mangers in Tripoli, as they learned what was available in the UK, and how their needs could be met, and even exceeded".


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