

Business Report, July 2019

Update from Omran Abusahmin, Local Consultant, LBBC, Tripoli, Libya

- The battle for Tripoli continues and casualties mount. The WHO condemned an attack on a field hospital in southern Tripoli on 27 July which killed five health workers and injured eight others. This brought attacks on health facilities to thirty seven with eleven health workers killed and thirty three health workers and patients injured.

Tripoli residents keep track of the fighting and avoid the most dangerous districts of the capital, which are now scarcely populated. None, however, can avoid the power cuts, lasting on average nine hours a day, in the summer heat.

- At the end of the month, the National Oil Corporation (NOC) announced the reinstatement of force majeure on crude oil loadings at Al-Zawiya port after a local militia closed a valve on the main pipeline from the Sharara oilfield – Libya’s largest. As reported by the Libya Observer, the oilfield had only just regained its production capacity level after a previous declaration of force majeure had been lifted on 23 July. By then, production of 290,000 bpd, generating revenues of some \$19 million a day, had been lost. CBL Governor Sadek Elkaber told Bloomberg on 25 July that the country’s oil revenues would be 17% down on the previous year’s because of supply disruptions.

NOC Chairman Mustafa Sanalla has nevertheless confirmed his ambition to increase oil production to 2.1 million bd by 2023. He spoke during a visit to China in late July when he met senior figures in the China National Petroleum Corporation (CNPC) and its subsidiaries, to promote Chinese investment and cooperation in the Libyan hydrocarbon sector.

- The Eid Al Adha festival marking the end of the annual Hajj to Makkah will start on 11 August. So far, over 55,000 livestock imports have arrived at the port of Misurata and a further 17,000 have reached Tobruk. These animals, valued at several million dollars, are all private sector imports. Libya’s ports are also continuing to take delivery of thousands of used cars, mainly from Europe and South Korea, for private sector buyers – underlining the importance of the private sector and the value of its foreign exchange holdings.

Its importance to the national economy and the need to support it are endorsed by the GNA Ministry of Economy which may have informed an announcement at the end of July by Central Bank Governor Saddek Elkaber and GNA President Fayez El Serraj that, as from 20 August, the heads of Libyan households will be able to buy \$500 at the official rate of \$=LD1.4, compared to the black market rate of \$=LD4.20 (as reported by the Libya Observer). This will help to maintain liquidity in the market after significant household expenditure for the Eid Al Adha.

- Libya became a full member and shareholder in the European Bank for Reconstruction & Development (EBRD) on 17 July, opening the way for EBRD investment in Libya.

The Chairman of the Audit Bureau visited the US during the month for meetings with the US Libya Business Association (USLBA). He also met a US State Department representative and a senior official of the US Agency for International Development (USAID). His pitch was to invite US firms to return to Libya to complete existing projects and make new investments. He also discussed training with USAID.

- The value of UK visible exports to Libya slipped to £8.8 million in May 2019 from their first quarter average of £12 million.

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