



The Logistics Sector on the Southern Shores of the Western Mediterranean

Assessment and Proposals
for Improving the Provision of Logistics Services
*Case of the Maghrebian Countries :
Algeria, Libya, Mauritania, Morocco and Tunisia*

October 2010

Libyan Monograph

Study funded by
European Union through EuropeAid Co-operation Office (for Algeria, Morocco and Tunisia)
and CETMO (for Libya and Mauritania)



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and developed by CETMO
in the frame of Euro-Mediterranean Transport Forum and of GTMO 5+5 activities

Avinguda Josep Tarradellas, 10, 7a 4t

08029 Barcelona

☎ (34) 93 430 52 35

☎ (34) 93 419 92 37

cetmo@cetmo.org • www.cetmo.org

Libyan Monograph

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Description of the Methodology Used

Studies on logistics in the Maghreb to date have always focused on the countries' potential from a strategic viewpoint; they have dealt with factors such as infrastructure, regulations and taxation, regulating bodies, the professions and trades involved and their degree of training and logistic competence with the aim of facilitating transport and logistics activities for foreign trade.

This study sets out to examine the specific areas of difficulty affecting operators in the logistics and transport sector. If a solution were found to these problems, it would enable a marked qualitative leap for logistics-chain operations, and would do so without repeating the conclusions generally offered by studies carried out to date. It is not, therefore, a matter of emphasizing measures approved in the plans developed by government departments, but rather enriching them through a series of pragmatic proposals and recommendations which can be applied by companies in the sector.

Ultimately, the aim is to listen to the views of the transport and logistics operators in the region expressed in a set of direct interviews with the different players involved. The information collected will be analysed to draw out measures for the short and medium term, which will then be presented to the corresponding government departments.

Lastly, this study, like all those concerning the southern shores of the Western Mediterranean, will accentuate the regional rather than the national level, due to its cross-cutting concern to promote Euro-Mediterranean cooperation and the modernization of the transport system in the different countries in the region.

Methodology of the Study

To achieve the objectives defined, the study comprises four parts:

1. The Current Situation of the Logistics Sector
2. Assessment of the Logistics Sector
3. Strategic Analysis of the Logistics Sector
4. Conclusions and Recommendations

Each of these parts includes one country-specific approach and another relative to all the countries studied.

The CETMO has made use of the methodology proposed in this report as a frame of reference for expanding and updating knowledge of the logistics sector. The method consists of detecting and pointing out the most influential factors in the structure of the sector, as well as those most important for its modernization.

This study has prioritized the uniform application of the method (to give an overall view of the logistics sector in these countries) over an in-depth analysis of particular factors (which has the drawback of leaving major gaps). Qualitative information as well as general statistics played a fundamental role in the study.

The study made it possible to:

- Cover all the countries (initially Algeria, Morocco and Tunisia, then Libya and Mauritania in the second phase)
- Consider the southern shores as a whole
- Concentrate on provision: the companies involved (public and private operators)
- Collect national operators' most interesting proposals for developing the sector

1. The Current Situation of the Logistics Sector

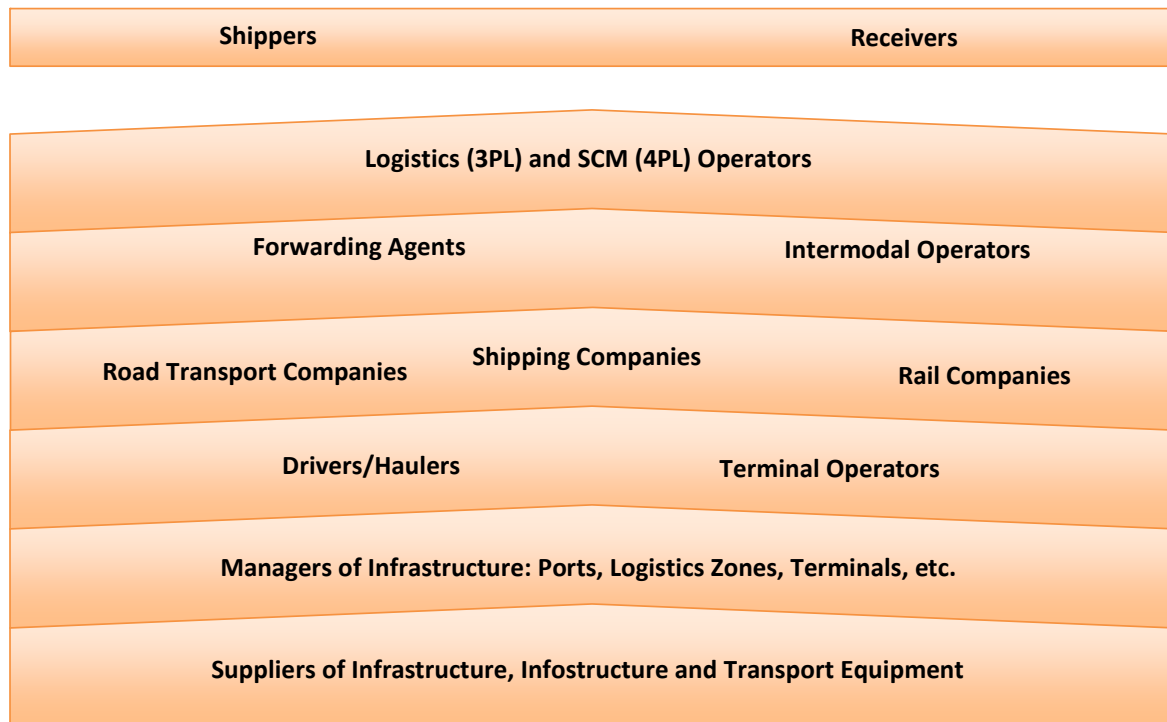
This first phase aimed at describing the logistics sector in each country studied as well as the region as a whole.

To this end, the analysis used the following framework:

- Isolating the most obvious characteristics of the situation regarding the logistics sector: the economic context (logistics is a derived activity) and the regulatory context (this factor is important because the transport sector is subject to numerous regulations).
- Describing the logistics sector in the following terms:
 - Situation of the different services/professions, according to the following framework:
Professional Map
General Features of the Professional Map in Each Country

| | Concepts | Maritime Transport/Ports | Rail Transport | Road Transport |
|----------------------------|-------------------------------------|--|-------------------|------------------------|
| S e c t o r | Transport | Shipping Company Shipping Agents | Rail Company | Carrier |
| | Handling | Stevedoring Company Stevedore | Terminal Operator | Warehouse Operator |
| | Organization of the Transport Chain | Forwarding Agent (□ Customs Agent) / □ Transport Agency Intermodal Operator | | |
| | Freight Management/ Logistics | Logistics Operator | | |
| | Property Management | Port Authority | Terminal Manager | Logistics Zone Manager |
| | Controls | Customs and other border-monitoring services | | |

- Position of the different professions on the logistics value chain (see diagram below):
Value Chain
General Features of Value-Added in the Logistics Sector

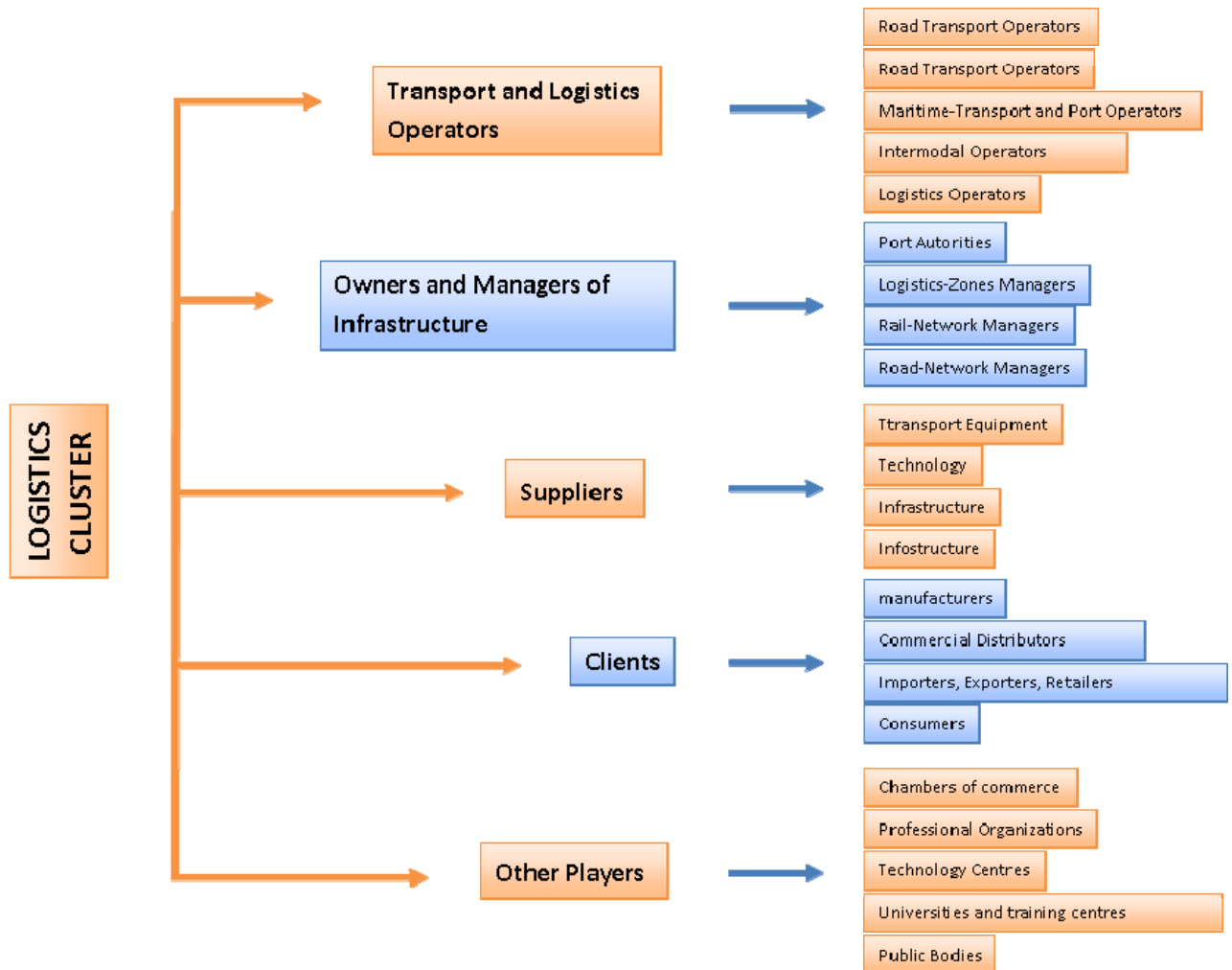


- Analysis of each sub-sector or mode of transport in relation to the parameters of the following table:

| | |
|------------------------------------|--|
| Demand | Detailed Volume of Demand Composition Demand Standards and Service Quality Service Prices and Price Levels |
| Regulations and Government Control | Administration: Organization and Management Significant Regulation of Sub-Sector |
| Businesses | Professions Involved Structure of Sub-Sector Companies Leading Companies and Degree of Concentration of the Sub-Sector |
| Services Provision | Technical, Organizational and Management Factors (Fleet, Equipment, Use of ICTs, Vocational Training, Costs) |
| Services Offered | Types of Marketed Services Position in the Value Chain Types of Marketed Services |

This point relating to the first part of the methodology is essential, since its objective is to obtain an illustration of the solutions and/or assistance that companies will need in the short term to modernize their provision and solve existing problems and bottlenecks in the logistics sector.

As a result of the previous analysis, it was possible to sketch an initial map to produce a global, qualitative and quantitative picture of the logistics sector (see table below).



To complete the information needed for this first part, existing studies and data collected on the ground were also consulted. The interviews focused on the understanding of companies' needs (in the short and medium term), given that the whole of the study is based on this approach.

2. Assessment of the Logistics Sector

The second part of the study involved evaluating the competitiveness of the logistics sector in each country. To this end, the methodology used was that inspired by Michael Porter. The role of the public sector was taken into account as a factor involved in each of the five forces which determine the competitiveness of any sector.

3. Strategic Analysis of the Logistics Sector

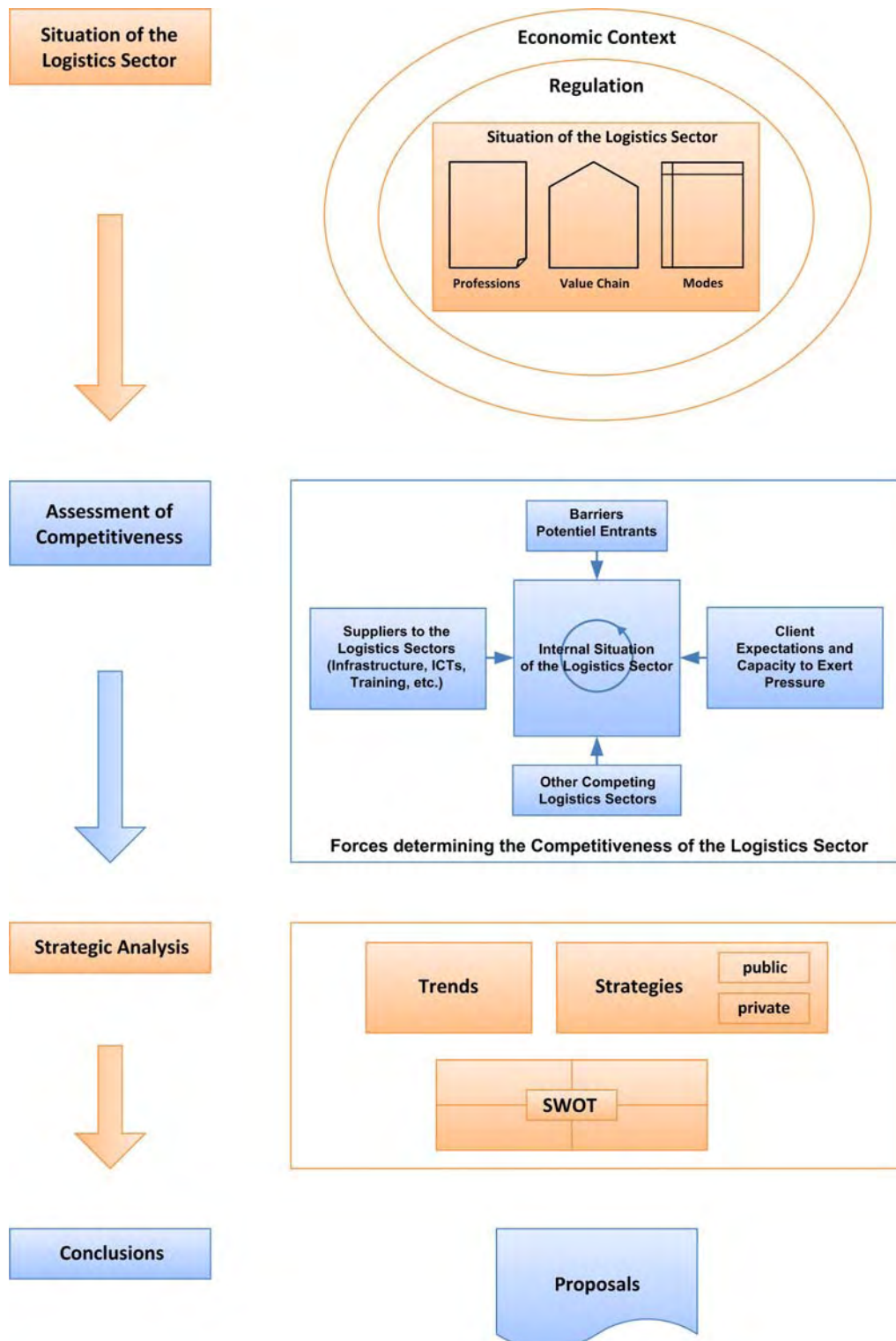
Once the main characteristics of the current situation and its potential were known, it was then a matter of studying the evolution of the logistics sector in the third part. The following points were therefore taken into consideration:

- Trends in the (economic and regulatory) context exerting influence on the country.
- Public and private-sector strategies and plans relating more directly to modernizing logistics-sector companies.

The assessment of the competitive potential of the sector as well as trends and strategies made it possible, by means of an SWOT analysis, to identify the most noteworthy factors in scenarios for the short and medium term.

4. Conclusions and Recommendations

Lastly, the final part of the study involved formulating proposals of time frames for modernizing the logistics sector, which were considered from a viewpoint embracing the whole of the southern shores of the Mediterranean and not only from that of each of the countries studied.



The Libyan Logistics Sector

1. Context of the Logistics Sector

1.1. Social and Economic Context

Libya has the highest human development index (HDI) of all African countries. It has a population of 6.3 million (2008) and an area of 1,759,540 km², of which 90% is desert. It borders the Mediterranean Sea to the north (1,770 km of coastline), Tunisia and Algeria to the west, Egypt to the east, and Niger, Chad and Sudan to the south. It is divided into 22 administrative districts.

Libya is a country with a young population, an acceptable level of education (82% of the population aged 15 years and over can read and write), but has a high unemployment rate (30% in 2004).

It is a socialist state,¹ which is currently in a process of opening up its market by means of increasing privatization and liberalization that favours private investment. This privatization process, however, has been held up by continuing subsidies for some imported products. An increased availability of reliable sources of information would have a very positive effect on attracting investment.

The country's nominal gross domestic product (GDP) is estimated at 82.26 billion Libyan dinars (LYD) in 2007 (Table 1 and Figure 1) (approximately 71 800 million dollars (USD) (Tables 2 and 3)). Foreign debt remains moderate (6.5% of GDP), the financial situation is favourable (public debt is 10.5% of GDP) and the PPP (Purchasing Power Parity) per capita GDP is estimated at USD 15,200 for 2009².

Libya has considerable hydrocarbon resources and its economy depends largely on it (Table 4 and Figure 2): this industry represents more than half of the country's GDP, 95% of its exports and 75% of its public income³. Agriculture represents only 4% of the country's GDP and provides 17% of jobs; industry is based almost entirely on oil refineries, petrochemicals, and iron and steel. For this reason, the country depends largely on imports. Tourism has, so far, been underexploited but the government has plans to promote it.

1.1.1. The Production and Consumer Goods Sector

Industry is the strongest sector in Libya, representing approximately 78% of GDP in 2008, followed by the services sector with 18% and, finally, agriculture (Table 5). The main source of Libya's income is petroleum; it produced more than 650 million barrels in 2007 (Table 7) and represented almost 70% of GDP in 2009, whereas manufacturing represented only 1.4% (Table 6). Construction has begun to increase in recent years due to the infrastructure planning being carried out by the government and to building.

Tourism is one of the sectors undergoing change. To date, it has not been a significant source of income for the country due to the limited offer of services (hotels and public

¹ Libya's official name is Great Socialist People's Libyan Arab Jamahiriya.

² Estimated figure for 2009. CIA - The World Factbook.

³ Export to Libya. Spanish Embassy and Economic and Trade Office, Tripoli. March 2007
Invest in Libya. Anima Investment Network.

transport), a sometimes restrictive social environment and the complex procedure involved in obtaining visas. However, large hotel projects and public transport projects (rail and Tripoli port) are under construction.

In terms of consumers, 88% of the population of Libya lives in the coastal districts (Table 8 and Figure 3). The large extension of land below the coastal strip is covered by the Sahara, although the subsoil contains enormous water reserves in the south of the country, on the border with Chad, and forms an underground lake of more than 350,000 km². The lake supplies water to the north of the country via "The Great Man-Made River", a tremendous feat of hydraulic engineering.

1.1.2. Trade

- Foreign Trade

In 2006, imports to Libya reached LYD 7.935 billion and exports were LYD 36.336 billion (Table 9).

Libya's principal trading partner is the European Union, led by Italy, which provides 30% of Libya's imports and receives almost 50% of its exports. The other European partners are, in order of volume, as follows: Germany, France, Spain, United Kingdom and Greece. Also of note are imports from China, Tunisia, Turkey, South Korea and Brazil, and exports to the United States, Turkey, China and Switzerland (Table 10).

Ninety-six percent of Libyan exports consist of oil, natural gas and petroleum-based commodities and the other 4% are industrial supplies. Furthermore, Libya is largely dependent on imports, particularly of industrial and food commodities (approximately half of Libya's food needs are supplied through imports) (Table 11).

The impact assessment of trade sustainability (SIA) carried out by the European Union⁴ has confirmed a significant amount of exports of subsidized food to neighbouring countries, which do not appear in official statistics.

- Foreign Trade With the EU 27 Countries

In terms of trade with the European Union, Libyan exports and imports follow the same pattern as that of overall trade. If trade movements are considered on terms of weight rather than monetary value, there has been growth in the importance of imports of agricultural and food commodities and a drop in imports of machinery and transport equipment, i.e. high-value products (Tables 12 and 13).

1.1.3. The Commercial Distribution Sector

Seventy-eight percent of the population of Libya lives in urban areas.

In the large towns, shops resembling supermarkets are appearing: these are small trading companies (100 m² to 150 m²) offering food products (dry and fresh products) and household products. The large foreign retail chains have not yet shown interest in this market, nor are there any local large or medium-sized supermarket chains. Non-food retail commerce has also kept its traditional structure with local shops and *souks*.

The National Supply Company is a public company enabled as a as a wholesaler importing, that ensures the distribution of subsidized products.

⁴ Trade Sustainability Impact Assessment (SIA)

1.2. Regulatory and Administrative Context

1.2.1. Regulations

- Road

There is a law regulating road freight transport.

Owners of a single lorry may operate without a licence. Road-transport companies require two licences in order to operate: a licence from the Ministry of the Economy, which certifies them as companies (number of employees, vehicles, etc.) and a licence from the Ministry of Transport, which allows the companies to operate as transport companies (verification of capacity, insurance, driving licences of the drivers, driver experience, etc.).

Road-transport companies are divided into two types, depending on whether they have a minimum of five trucks (small companies) or a minimum of 10 trucks (big companies).

The Ministry of the Economy sets the maximum price for road-transport rates but not the minimum price. These rates are often disregarded and rarely checked by the administration.

With regard to international road freight transport, Libya is not a signatory to the TIR agreement. It can trade with Tunisia and Italy without specific authorization or visas and the border with Egypt is closed.

The government is working on a law on multimodal transport, which is currently not regulated.

One of the main problems of the authorities responsible for road transport is road safety. In order to tackle these problems, a new law has been passed that prohibits trucks from travelling at night, even if heavy vehicles do not constitute a large proportion of all accidents (10%). This measure has negative effects on goods transport, as it increases delivery times; nevertheless, rates have not yet been raised to compensate for the increased costs.

- Rail

The government is preparing a rail law for the future Libyan railway, which will include the separation of the administrator of the infrastructure from the rail operating company, in line with the European model. The new railroad will be equipped with the European Rail Traffic Management System (ERTMS) and UIC standards will be applied to technical operating and safety conditions.

- Maritime

There is a maritime transport law that includes port activities and is reviewed every 5-7 years, according to the standards of IMO, of which it has been a member since 1971. The government is studying a reform of the law on maritime traffic.

Libya is not a member of any memorandum of understanding, but will consider signing one if the country would join the IMO white list (even if they currently are in the 2007-2009 black list⁵).

⁵ The Paris Memorandum of Understanding on Port State Control

- Logistics

There are no regulations applicable to freight forwarders or logistics operators.

1.2.2. Administrative Organization

- Management and Operation of Infrastructure⁶

As in the other Maghreb countries, the main player in Libya's transport industry is the state. It is represented through the General People's Committee for Transport and Communication (GPCTC), which is responsible for drafting legislation and regulations on transport matters, participating in the design of all policies that directly or indirectly affect the transport industry, and controlling and monitoring all associated activities. The GPCTC has a decentralized structure that includes a general secretariat, regional committees, a group of public service centres (Information and Documentation Centre, Maritime Navigation Chamber) and the state companies in the transport sector.

- Road

The authority responsible is the Ministry of Transport and, specifically, the Directorate of Administration of Land Transport (DGLT), which is responsible for proposing technical standards in terms of capacity, equipment and safety, monitoring the activities of the transport companies (regulating their activity and rates) and, in general, facilitating road transport of goods and people. The DGT is divided into three services: The Land-transport Planning and Cooperation Service, the Technical Operations and Statistics Service, and the General Operations Service, which are, in turn, subdivided into different units. There is no state-owned company for road freight transport.

There is currently no association of transport companies that allows them to communicate directly with the government.

- Rail

There is currently no railway, but in the future, management and operation will, in principle, be state-run in order to reach a sufficient level of know-how in the sector, although it has been stated that the intention is to eventually separate running of the infrastructure from operation of the service and both contracts would be subject to a public tender.

- Maritime

The Libyan Ports & Maritime Transport Authority (LPMTA) is the body responsible for planning, administration and control of the Libyan maritime and port sector. The LPMTA is not involved in operating the ports service, which is a function of the port authority (PA) of each port and of the operators.

There are two port operators, which provide piloting, tug, stevedore, warehouse and other services; both companies are state-owned: the Misurata Free Zone Company in the port of Misurata (and its free zone) and the Socialist Port Company (SPC) in the other eight commercial ports:

- Tripoli Port
- Benghazi Port

⁶ Transport training needs in Western Mediterranean Countries. December 2009. CETMO.

- Derna Port
- Raslanuf Port (petroleum and trade)
- El Brega Port (petroleum and trade)
- Alkhoms Port
- Tobruk Port
- Zwara Port

The only national shipping line is the General National Company for Maritime Transport, which is currently dedicated exclusively to petroleum traffic, over which it practically has a monopoly.

There is no port community but a project to this end is in progress by the SPC, in which Alkhoms Port will be the pilot port. The future port community will be integrated in the Libyan Single Window (LSW), which reports to the Ministry of the Economy.

- Customs Regime

The new customs regime (Decree No. 83 of 7 July 2005) includes the elimination of import taxes on all products, regardless of origin, except for 85 products, and their replacement with a 4% tax on port services, customs duties on locally manufactured goods of not more than 2.5%, and a consumer tax of 25% or 50% (VAT does not yet exist).

Libya is not currently a member of the WTO (World Trade Organization) but the measures included in the new customs regime aim to facilitate its membership.

The organization of transit trading and free zones is regulated by Law 9-2000.⁷

1.3. The Bases of the Logistics System

1.3.1. Infrastructure

- Road

Libya has more than 34,000 km of roads, of which 7000 km are main roads. The network is laid out on three east-west axes (Coastal area, Tunisia – Egypt and Algeria Port – Sudan) and 5 north-south axes (Tunisian border, Tripoli – Niger, Sirte – Chad, Benghazi – Sudan and Tobruk – Egypt). The government approved a proposal to develop road infrastructure between 2008 and 2012, with a value of LYD 8.2 billion; this includes, among other projects, a coastal motorway to link Tunisia and Egypt via Libya. This motorway, in some sections where there is already a parallel road, will provide an alternative, toll way to the existing road and in the other sections, in which there is currently no road infrastructure, will provide continuity, through Libya, of the existing Maghreb road network.

The coastal motorway will have rest areas but there will not be parking areas with surveillance for heavy vehicles or truck centres to cater for crews and vehicles, or logistics platforms.

- Rail

There is currently no infrastructure for rail transport. The total length of the future Libyan railway network will be 3170 km and it will have two axes: a coastal line linking the capital

⁷ Libia online (business)

of Tunisia (Tunis) with a border town in Egypt (Imsaad), and a north-south line linking the port of Benghazi with Sebha, the largest southern city, which also has an airport (Table 14). The coastal line will run parallel to the future coastal motorway and will be a two-track line with a top design speed of 250 km/h and the north-south line will be a single-track line with a top design speed of 160 km/h. The weight limit on both lines will be 25 tonnes, which will allow for heavy goods traffic. The infrastructure is being built by a Chinese and Russian joint venture, and the electrification and signalling are to be carried out by an Italian company. The Ministry of Transport has long-term plans to construct a further 3000 km of railway to connect Sebha with Niger and Chad, parallel to the existing road link.

- Maritime

Libya has 7 commercial ports, 7 petroleum ports, 2 mixed ports and a port for the steel industry, as well as some smaller ports (Table 15).

The ports are well equipped and the government has made investments to improve them (Tables 16 and 17), thereby increasing efficiency and productivity in recent years.

The ports of Benghazi, Tripoli and Alkhoms have fully-equipped container terminals, although the last two are currently under construction.

The port of Misurata, which is open 24 hours a day, has had a 2250-ha free zone for the past three years that moves approximately 3 million tonnes, as well as a steel complex and a steel port. There is a project to expand the free zone by 3000 ha for heavy industry.

1.3.2. Training

There are no training organizations in Libya specializing in the transport industry. The only public institutions that provide any kind of training related to transport are universities, which offer a degree in civil engineering, driving schools (which provide training in order to obtain a driving licence), and vehicle-mechanics schools.

Transport operators (hauliers) are requesting training for experts in operations management and consulting regarding new technologies. They also need training in more practical tasks, which can be adapted to their specific needs.

Maintenance of machinery is one of Libya's main weak points in all sectors. They have money to import high-tech machinery but they have little experience and training in how to maintain and repair it.

1.4. Economic Policy of the Government and Foreign Policy Context

1.4.1. Trade Agreements

Libya is a member of the Arab Monetary Fund (AMF), the International Monetary Fund (IMF), the Council of Arab Economic Unity, the Organization of the Petroleum Exporting Countries (OPEC), the Organization of Arab Petroleum Exporting Countries (OAPEC), the Islamic Development Bank, the International Bank for Reconstruction and Development (IBRD), the Arab League and the Arab Maghreb Union (AMU).

Since 2004, Libya has been an observer at the WTO, and has applied to become a member. The country is also a signatory to the Greater Arab Free Trade Area (GAFTA), it is linked to

the Community of Sahel–Saharan States (CEN-SAD) and to the Common Market for Eastern and Southern Africa (COMESA).

It has bilateral trade agreements with Morocco, Jordan and Tunisia.

1.4.2. Investment

- Foreign Investment

Foreign investment is almost exclusively limited to the hydrocarbons sector, thanks to the size of this market and the regulations favouring investment in it. The second most important sector is construction, which is attracting international construction companies thanks to the size of the infrastructure investment plan that has been put in place by the government. Other sectors are not as attractive to foreign investors due to the country's political situation and excessively interventionist regulations.

The opening of the market to foreign investment was articulated by means of Act 5 on the promotion of foreign investment, which allows foreign entities to hold the majority of capital in priority sectors (in the case of the transport sector is required that local capital is not less than 35%), and Decree 178, which allows individuals and/or corporations to commercially represent a foreign company under certain conditions. However, the obligation of having such an agent in Libya and the difficulty identifying one who will be a good partner are also sometimes detrimental to foreign investment.⁸

Since 2003, import licences limiting the quantities of imported products have been waived, although all imports must be accompanied by a certificate of origin.

2. The Logistics Sector

2.1. Macroeconomic Data on the Logistics Sector

2.1.1. Description of the Transport Sector

The transport and warehousing sector and telecommunications represented 3.3% of Libya's GDP in 2008 and this figure has shown a downward trend in recent years (Table 18).

2.1.2. Evaluation of the Libyan Logistics Sector

The Logistics Performance Index (LPI), drawn up by the World Bank for 2010, ranks Libya at 132 in the overall ranking of 155 countries, only 2 places below Algeria but 72 places below Tunisia. This index evaluates customs and infrastructure as the most positive points and the competitiveness of the prices of international shipments and tracking and tracing of shipments as the most negative points.⁹

The Libyan logistics sector is highly underdeveloped. There are private freight forwarders that can provide certain logistics services but their market is still very small. Subcontracting is not a widespread practice (90% of trading companies prefer to have their own warehouses) and logistics operators are regular clients who do not require new services or improved quality. They want lower prices and display a false confidence in what they are familiar with.

The figures of freight forwarder and logistics operator are not legally defined and there is no room for 3PL and 4PL operators in the market.

⁸ Anima Investment Network

⁹ Logistics Performance Index. The World Bank

2.1.3. Logistics Costs

The port system is efficient in terms of physical operations but administrative procedures are slow and goods spend too long in port (between 10 and 12 days, on average); this is a considerable obstacle for exports and involves extra costs in imports.

The cost of road transport is not an obstacle due to the low cost of fuel and transport companies in Libya, even though techniques to optimize operations are not applied (a large number of vehicles make the return journey empty), and transport companies appear to have good profit margins. The price of road transport is particularly high near the capital (Tripoli), where, for example, the trip from Misurata to Tripoli (200 km) costs USD 150, whereas a journey from Tripoli to one of the surrounding towns (30 km) costs USD 250.

One of the high costs of logistics is insurance, as there is an insufficient supply in Libya and taking out insurance abroad is expensive.

2.2. Size of the Logistics Sector

2.2.1. Road Transport

There is no state-owned company for goods transport in Libya.

Nevertheless, the state continues to maintain ownership of the companies that work in hydrocarbons and mining, the country's main industry, and these companies have their own fleet for road transport.

The structure of the road-transport market is as follows:

- 20% of goods in Libya are transported by the freight owners;
- The remaining 80% is transported by third-party companies, mostly small private companies.

In order to regulate the access of companies to public tenders for road-transport activities, these companies are divided into two categories: small companies, with a minimum of 5 trucks, and big companies, with a minimum of 10 trucks.

No data are available on the volume of goods transported annually. Concerning the international transport, the volume of road transport interchanged with Tunisia is high and the volume remains low with Chad and Sudan, though it is scheduled to increase.

Libya has the highest number of vehicles per capita in Africa (280 vehicles per 1000 inhabitants), with a total of 1.7 million registered vehicles in 2007.

The number of vehicles dedicated to goods transport was 77,624 in 2009, of which 42% were articulated trucks and 58% were non-articulated; 91% were Libyan-owned and 9% were foreign-owned (Table 19).

2.2.2. Rail Transport

There is currently no railway in Libya and rail transport is therefore non-existent. The future rail line, currently under construction, is scheduled to carry all types of cargo (general, bulk and container cargo) with no weight limit and the intention to facilitate multimodality.

2.2.3. Maritime Transport

The Libyan state shipping line, the General National Maritime Transport Company (GNMTC), is currently exclusively dedicated to the hydrocarbons market, although the government has expressed its intention to open up the rest of the maritime-transport market. Maritime transport of goods other than petroleum is provided by foreign shipping lines (such as Maersk, MSC, CMA CGM, Grimaldi, Neptun, Senator and Tarros).

In 2009, 10.81 million tonnes of cargo passed through Libyan commercial ports: 2.92 million tonnes of bulk cargo, 2 million tonnes of steel and 549 thousand TEU. More than 50% of these goods passed through Misurata port and the remainder was distributed among the 8 ports operated by SPC (Table 20).

The evolution of the volume of freight moving through Libyan ports in recent years was particularly positive in 2008, when the total increased by 78% (more than 100% for general and bulk cargo). In 2009, the pattern was similar but the increase was much lower (34%) for all kinds of cargo, except bagged cargo, which went from a 6% drop in 2008 to a 4% increase in 2009 (Table 21 and Figure 5).

In terms of public shipping lines, GNMTC currently has 18 oil tankers (after its recent acquisition of six tankers), with a total capacity of 11.8 million barrels, compared with the three tankers it had in 2005.

There is a fixed table of port service prices. The AP and SPC or the Misurata Free Trade Zone Company discuss the prices and, through the LPMTA a proposal is made to the Ministry of Transport, who ultimately should approve it. There are rates per vessel and per load; the first one is higher than the second one.

No data are available on port and maritime employment.

2.2.4. Logistics Services

There are approximately 300 freight forwarders in Libya and a similar number of customs agents, as freight forwarders have their own customs agents (to avoid problems with customs procedures) and these professions overlap and compete with each other. The same is with shipping agents, who are legally recognized (unlike freight forwarders) to carry out freight-consolidation operations and have warehouses under customs control.

Road-transport companies normally only provide a general-cargo transport service; some companies provide refrigerated transport, but there are no companies that specialize in this service.

Tables and figures

| Total GDP (en millions de LYD) | 2003 | 2004 | 2005 | 2006 | 2007 |
|--------------------------------|--------|--------|--------|--------|--------|
| At current prices | 37.361 | 48.105 | 66.451 | 80.730 | 89.260 |
| At constant prices 2003 | 37.725 | 39.985 | 43.869 | 46.436 | 49.038 |

Table 1: Evolution of the GDP
Source: Secretariat of Planning (web of Libya online)

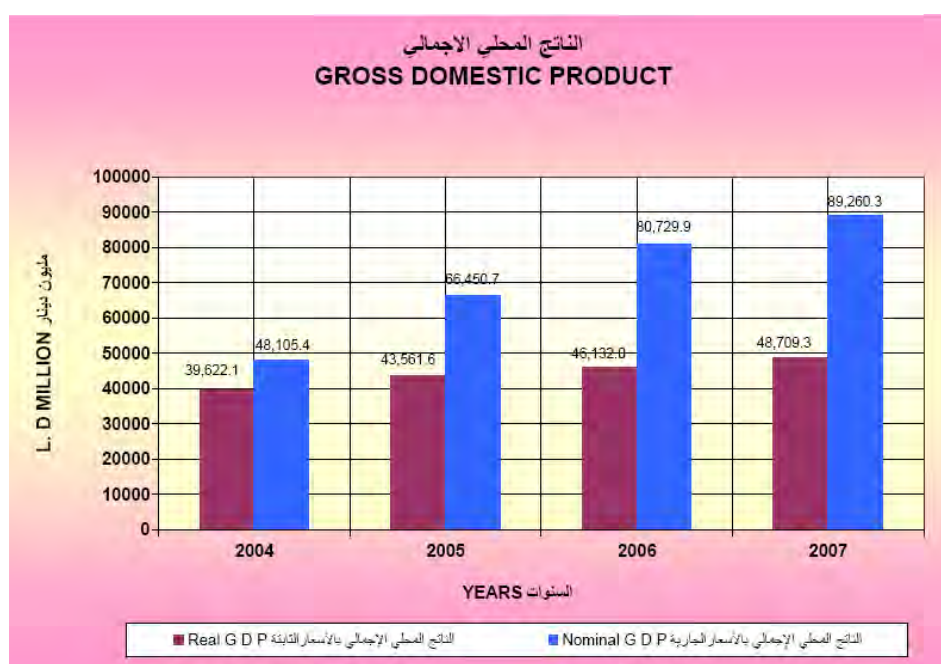


Figure 1: Evolution of the GDP (at current and constant prices)
Source: Key economic and monetary indicators in the Jamahiryia, Secretariat of Planning.

| | 2006 | 2007 | 2008 |
|--|----------------|----------------|----------------|
| GDP (current USD). <i>World Bank</i> | 56.484.375.000 | 71.803.278.689 | 93.167.701.863 |
| Exports of goods and services (% of GDP) <i>World Bank</i> | 71% | 68% | 67% |
| Imports of goods and services (% of GDP) <i>World Bank</i> | 25% | 29% | 27% |
| GNI per capita, Atlas method (current US\$) | 8.200 | 10.270 | 12.380 |
| Population. <i>World Bank</i> | 6.045.033 | 6.168.997 | 6.294.181 |
| Foreign direct investment, net inflows (BoP, current USD). <i>World Bank</i> | 2.064.000.000 | 4.689.000.000 | 4.111.300.000 |
| Inflation. Annual Average (%). <i>Icex</i> | 1,4 | 6,2 | 10,4 |
| Active Population (%). <i>Icex</i> | 29% | 29% | 33% |
| % unemployment. <i>Icex</i> | - | 17% | 21% |
| Exchange Rate (vs USD). Annual Average. <i>Icex</i> | 1,31 | 1,26 | 1,21 |

Table 2: Macroeconomic data of Libya
Source: several

Rates of exchange of 1 Libyan Dinar (LYD)

| | USD | Euro |
|------|------|------|
| 2004 | 0,80 | 0,59 |
| 2005 | 0,74 | 0,63 |
| 2006 | 0,78 | 0,59 |
| 2007 | 0,78 | 0,55 |
| 2008 | 0,85 | 0,54 |

Table 3: Rates of exchange of 1 LYD
Source: Key economic and monetary indicators in the Jamahiriya. Libyan General Information Authority (web of Libya online)

| Summary of actual revenues and expenditures. Million LYD | 2007 | 2006 | 2005 | 2004 |
|--|--------|--------|--------|--------|
| Revenues | 53.366 | 47.088 | 37.106 | 23.087 |
| % Oil Revenues | 91% | 93% | 93% | 86% |
| % Non Oil Revenues | 9% | 7% | 7% | 14% |
| Expenditures | 30.883 | 21.378 | 21.343 | 17.230 |
| % Administrative Expenditures | 39% | 42% | 39% | 39% |
| % development Expenditures | 61% | 52% | 48% | 39% |
| % Extra Budget | 0% | 6% | 13% | 22% |

Table 4: Summary of actual revenues and expenditures. Million LYD
Source: Key economic and monetary indicators in the Jamahiriya. Secretariat of Finance

| Sector | GPD (2009) | Labor Force (2004) |
|-------------|------------|--------------------|
| Agriculture | 4,2% | 17% |
| Industry | 77,9% | 23% |
| Services | 17,9% | 59% |

Table 5: GPD Distribution by sector
Source: CIA Factbook. (estimates)

| GPD Structure 2008 (%) | |
|--|--------|
| Oil | 69,6 % |
| Agriculture, fishing and forestry | 1,9 % |
| Manufacturing | 1,4 % |
| Electricity, gas and water | 1,2 % |
| Construction | 5,1 % |
| Trade, hotels and restaurants | 3,5 % |
| Transport, storage and communication | 3,3 % |
| Finance, insurance and business services | 1,0 % |
| Housing | 5,8 % |
| Public services (including education and health) | 7,1 % |
| Other services | 0,1 % |

Table 6: GDP structure by economic sector
Source: Ministry of development and international cooperation

| | 2003 | 2004 | 2005 | 2006 | 2007 |
|--|-------|-------|-------|-------|-------|
| Total production of crude oil (million of barrels) | 560 | 591,3 | 618 | 642,8 | 653,8 |
| % Exportation | 77 % | 78 % | 79 % | 81 % | 82 % |
| Average Sale Price of crude oil (f.o.b) USD / barrel | 28,08 | 39,13 | 54,15 | 65,02 | 72,32 |
| | 28,33 | 37,03 | 52,12 | 63,03 | 70,22 |

Table 7: Evolution of the oil production and exportation
Source: Key economic and monetary indicators in the Jamahiriya. National Oil Corporation

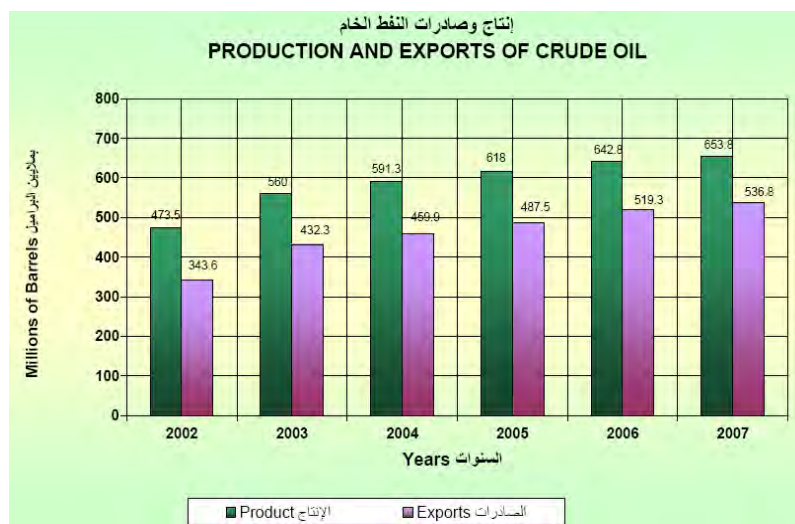


Figure 2: Evolution of the oil production and exportation
Source: Key economic and monetary indicators in the Jamahiriya. National Oil Corporation

| Nº | District | Population (2006) | % |
|----|--------------------|-------------------|------|
| 1 | Al Butnan | 159 536 | 3 % |
| 2 | Darnah | 163 351 | 3 % |
| 3 | Al Jabal al Akhdar | 203 156 | 4 % |
| 4 | Al Marj | 185 848 | 3 % |
| 5 | Benghazi | 670 797 | 12 % |
| 6 | Al Wahat | 177 047 | 3 % |
| 7 | Al Kufrah | 50 104 | 1 % |
| 8 | Surt | 141 378 | 3 % |
| 9 | Misratah | 550 938 | 10 % |
| 10 | Al Murgub | 432 202 | 8 % |
| 11 | Tarabulus | 1 065 405 | 19 % |
| 12 | Al Jfara | 453 198 | 8 % |
| 13 | Az Zawiyah | 290 993 | 5 % |
| 14 | An Nuqat al Khams | 287 662 | 5 % |
| 15 | Al Jabal al Gharbi | 304 159 | 6 % |
| 16 | Nalut | 93 224 | 2 % |
| 17 | Al Jufrah | 52 342 | 1 % |

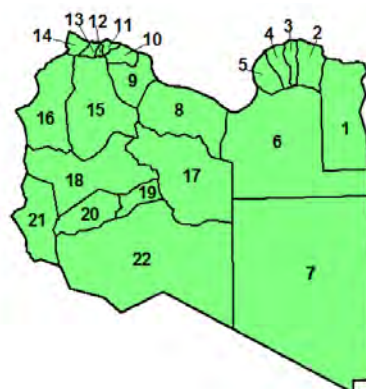


Figure 3: Distribution of the population by district
Source: Libyan General Information Authority

| | | | |
|--------------|----------------|------------------|--------------|
| 18 | Wadi Al Shatii | 78 532 | 1 % |
| 19 | Sabha | 134 162 | 2 % |
| 20 | Wadi Al Hayaa | 76 858 | 1 % |
| 21 | Ghat | 23 518 | 0 % |
| 22 | Murzuq | 78 621 | 1 % |
| Total | | 5 518 639 | 100 % |

Table 8: Distribution of the population by district
Source: Libyan General Information Authority 2009

| | Imports 2006 | Exports 2006 | Trade Balance 2006 (import/export) |
|---------------------------|--------------|--------------|---------------------------------------|
| All products. Million LYD | 7.935 | 36.336 | 28.402 |

Table 9: Totals of external trade. Year 2006

Source: Key economic and monetary indicators in the Jamahiriya. General Authority for Information. Libya

| Main Suppliers | Imports 2006 (Thousands €) | Imports 2008 (Thousands €) | Main Customers | Exports 2006 (Thousands €) | Exports 2008 (Thousands €) |
|----------------|----------------------------------|----------------------------------|----------------|-------------------------------|----------------------------------|
| Italy | 1.402.259 | 1.622.012 | Italy | 10.754.938 | 14.477.097 |
| Germany | 588.153 | 666.392 | Germany | 4.945.494 | 5.555.144 |
| Tunisia | 494.395 | 508.880 | Spain | 2.991.951 | 3.160.966 |
| Turkey | 389.700 | 469.262 | Turkey | 1.829.611 | - |
| United Kingdom | 298.273 | 338.912 | France | 1.904.293 | 3.435.185 |
| France | 433.499 | 521.755 | United States | 2.094.027 | 487.427 |
| South Korea | 345.319 | 293.353 | Suisse | 1.066.157 | 2.100.333 |
| China | 560.789 | 629.328 | China | 1.349.056 | - |
| Spain | 84.819 | 114.732 | Greece | 824.732 | - |
| Brazil | 161.978 | 174.127 | United Kingdom | 844.609 | 1.182.384 |

Table 10: Distribution of imports and exports by country

Source: ICEX

| Group of products. Year 2007 | Exports (Thousands USD) | | Imports (Thousands USD) | |
|---|----------------------------|------|----------------------------|------|
| | | | | |
| Food and beverages | 26.140 | 0 % | 1.423.312 | 12 % |
| Industrial supplies | 1.668.395 | 4 % | 2.754.194 | 23 % |
| Fuels and lubricants | 44.005.564 | 96 % | 1.207.859 | 10 % |
| Capital goods (except transport equipment), and parts and accessories thereof ¹⁰ | 15.855 | 0 % | 2.731.282 | 23 % |
| Transport equipment, and parts and accessories thereof | 9.204 | 0 % | 2.180.204 | 18 % |
| Consumption goods | 4.353 | 0 % | 1.347.014 | 11 % |
| Goods | 84.789 | 0 % | 218.552 | 2 % |
| TOTAL | 45.814.299 | | 11.862.416 | |

Table 11: Distribution of imports and exports by product. Year 2007

Source: UN Comtrade Database (Data based on reports from importing country partners)

| Group of products (Thousands EUR) | Import. EU 2006 | Import. EU 2008 | Export. EU 2006 | Export. EU 2008 |
|---|--------------------|--------------------|--------------------|--------------------|
| Agricultural products and live animals | 108.875 | 217.360 | 2.142 | 2.491 |
| Foodstuffs and animal fodder | 329.039 | 434.408 | 5.957 | 5.042 |
| Solid mineral fuels | 349 | 231 | 0 | 0 |
| Petroleum products | 636.383 | 1.390.702 | 23.424.847 | 31.473.730 |
| Ores and metal waste | 39.771 | 59.820 | 28.769 | 2.958 |
| Metal products | 199.154 | 163.137 | 183.012 | 167.057 |
| Crude and manufactured minerals, building materials | 53.273 | 99.745 | 112 | 34 |
| Fertilizers | 883 | 3.061 | 7.638 | 14.621 |

¹⁰ This category includes machinery, such as electrical generators and computers, and other manufactured goods, such as medical furniture, which are used by industry, government and non-profit private institutions.

| | | | | |
|--|------------------|------------------|-------------------|-------------------|
| Chemicals | 249.364 | 311.149 | 411.785 | 472.474 |
| Machinery, transport equipment, manufactured articles and miscellaneous articles | 2.054.769 | 3.051.993 | 22.484 | 68.690 |
| Total | 3.671.860 | 5.731.606 | 24.086.746 | 32.207.095 |

Table 12: Distribution of external trade with EU by product in monetary units
Source: Eurostat

| Group of products (Thousands EUR) | Import. EU | Import. EU | Export. EU | Export. EU |
|--|--------------|--------------|---------------|---------------|
| | 2006 | 2008 | 2006 | 2008 |
| Agricultural products and live animals | 495 | 675 | 1 | 2 |
| Foodstuffs and animal fodder | 694 | 521 | 2 | 1 |
| Solid mineral fuels | 1 | 2 | 0 | 0 |
| Petroleum products | 1.333 | 2.514 | 58.380 | 61.476 |
| Ores and metal waste | 552 | 607 | 46 | 1 |
| Metal products | 167 | 116 | 533 | 330 |
| Crude and manufactured minerals, building materials | 308 | 711 | 0 | 0 |
| Fertilizers | 1 | 2 | 38 | 54 |
| Chemicals | 110 | 117 | 1.009 | 1.030 |
| Machinery, transport equipment, manufactured articles and miscellaneous articles | 274 | 409 | 3 | 35 |
| Total | 3.934 | 5.673 | 60.014 | 62.929 |

Table 13: Distribution of external trade with EU by product in weight units
Source: Eurostat

| Line | Length (km) |
|---------------------|--------------|
| Ras - Ejdeer - Surt | 650 |
| Al Hishah - Sebha | 810 |
| Surt - Benghazi | 550 |
| Benghazi - Imsaad | 798 |
| Other | 362 |
| Total | 3 170 |

Table 14: Length of the branches of the future rail line
Source: Ministry of Transports

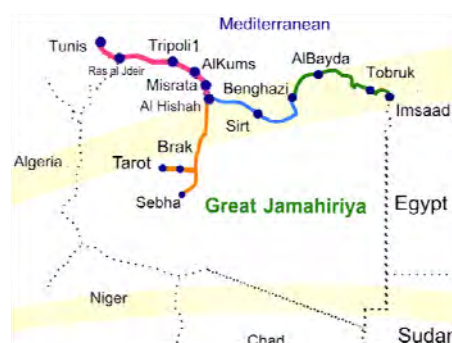


Figure 2: Map of the future rail line
Source: Ministry of Transports

| Oil ports | Commercial ports | Combo ports (oil & commercial) | Heavy industry ports | Small ports |
|------------------|-----------------------|-----------------------------------|-------------------------|--------------|
| Abu Kammash | Benghazi | Elbrega Port (Marsa Brega) | Steel Port | Ras Al Hilal |
| Bouri | Darnah | Ras Lanouf | | |
| Marsa Al Hariga | AlKhoms | | | |
| Rasco | Misurata (Qasr Ahmed) | | | |
| Sidra | Tobruk | | | |
| Zawia (Azzawiya) | Tripoli | | | |
| Zueitina | Zwarah | | | |

Table 15: Libyan Ports
Source: Libya online (business)

| | |
|---------------------------------------|---------|
| General cargo capacity (million tons) | 14 |
| Capacity in TEU | 437.000 |
| Breakwaters | 22 |
| Key walls | 14 |
| Hectare (transit, warehouses) | 10 |
| Hectare (open area) | 150 |
| Capacity (passengers) | 250.000 |
| Draft | 13 |

Table 16: Libyan ports infrastructure (all ports excluding oil and steel industry). Year 2007
Source: Libyan Ports & Maritime Transport Authority

| Total port capacity (million tons/year) | 2009 | 2012 (forecast) |
|---|-------------|-----------------|
| Zwarah | 1,5 | 0,5 |
| Tripoli | 3,3 | 5,5 |
| Alkhoms | 1,2 | 1,8 |
| Misurata | 3,8 | 3,8 |
| Ras Lanouf | 0,6 | 2,0 |
| Elberga Port | 0,2 | 1,0 |
| Benghazi | 4,0 | 4,5 |
| Darnah | 0,8 | 0,8 |
| Tobruk | 0,5 | 1,2 |
| New Sirte | 0,0 | 8,0 |
| Total | 15,9 | 29,1 |

Table 17: Total port capacity by port
Libyan Ports & Maritime Transport Authority

| Percentage of total GDP by year | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|--|-------|-------|-------|-------|-------|-------|
| Transport, Storage and Telecommunications sector | 4,8 % | 4,0 % | 3,6 % | 3,4 % | 3,7 % | 3,3 % |

Table 18: Evolution of the percentage of transport, storage and telecommunication sector of the total GDP
Source: Key economic and monetary indicators in the Jamahiryia, Secretariat of Planning

| Freight transport vehicles. Year 2009. | Two-pieces trucks | One-piece trucks | Total |
|--|-------------------|------------------|---------------|
| Libyan | 29.594 | 41.053 | 70.647 |
| Foreign | 3.244 | 3.733 | 6.977 |
| Total | 32.838 | 44.786 | 77.624 |

Table 19: Number of freight transport vehicles by type and property. Year 2009
Source: Land Transportation, Ministry of Transport

| Traffic of cargoes in commercial ports. Year 2009 | 8 SPC's ports | Misurata Port | Oil Ports | Total |
|---|---------------|---------------|-----------|-------|
| Traffic of cargo (million tons) | 7,25 | 3,56 | 0 | 10,81 |
| Bulk cargo (thousands tons) | 2,22 | 0,7 | 0 | 2,92 |
| Steel (Misurata port) (million tons) | 0 | 2 | 0 | 2 |
| Commercial Goods (million tons) | 9,47 | 6,26 | 0 | 15,73 |
| Oil (million tons) | 0 | 0 | 77 | 77 |
| Traffic of containers (thousands TEU) | 289 | 260 | 0 | 549 |

Table 20 Traffic of cargoes, by type, in commercial ports. Year 2009
Source: Socialist Port Company, Misurata Free Zone Company and National Oil Corporation

| Cargoes handled in the 8 Socialist Port Company | 2006 | 2007 | 2008 | 2009 | Total |
|---|-----------|-----------|-----------|-----------|------------|
| General cargo (tonnes) | 859.359 | 1.403.665 | 2.898.805 | 4.317.762 | 9.479.591 |
| Bulk cargo (tonnes) | 1.315.627 | 911.845 | 1.825.718 | 2.217.393 | 6.270.583 |
| Bagged cargo (tonnes) | 983.447 | 728.523 | 688.365 | 718.860 | 3.119.195 |
| Total (tonnes) | 3.158.433 | 3.044.033 | 5.412.888 | 7.254.015 | 18.869.369 |
| Unloading containers (TEU) | 97.352 | 109.994 | 143.421 | 146.018 | 496.785 |
| Loading containers (TEU) | 93.123 | 98.972 | 136.047 | 142.670 | 470.812 |
| Total (TEU) | 190.475 | 208.966 | 279.468 | 288.688 | 967.597 |

Table 21: Evolution of the cargoes handled in the 8 SPC's ports
Source: Socialist Port Company

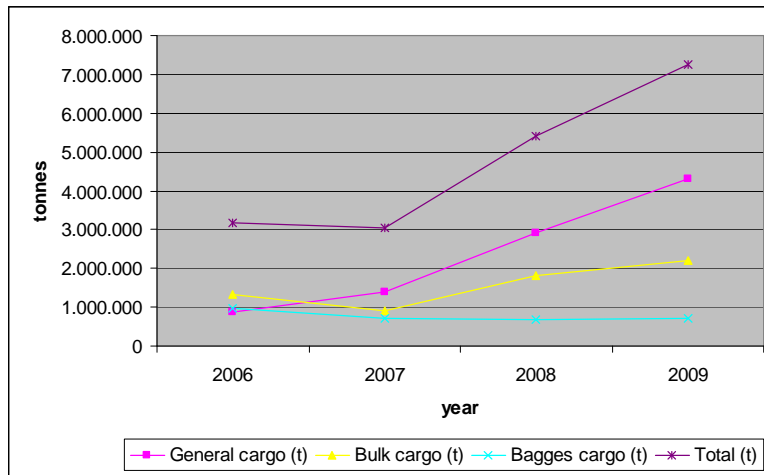


Figure 5: Evolution of the cargoes handled in the 8 SPC's ports
Source: Socialist Port Company

List of Companies and Organizations Contacted

| LIBIA | | | |
|---------------------|---|--|---|
| Sector | Type of business or organization | Profile | Body |
| Road Transport | Authority in charge of the construction and management of the road network | Public administration Public administration | Road Transport http://www.new.raba.ly |
| | Authority in charge of legislation and management of the land (road) transportation | | Land Transportation |
| Rail Transport | Authority in charge of the construction and management of the rail network | Public administration | Rail Transport http://www.railroads.org.ly |
| Maritime Transport | Maritime state-owned transport company | Public company | Esterlab Shipping Company Wahat Centre – Suites 8, Hay Al-Andalus, P.O.Box. 6250 Tripoli – Libya http://www.esterlab.ly Universal Shipping co. Omar Almokhtar Street Madina ClubWahat Centre – Suites 8, Hay Al-Andalus, P.O.Box. 3703 Tripoli – Libya http://www.unishipco.com |
| | International ship agent company | Shipping Agent | General National Maritime Transport Company P.O.Box. 80173 Tripoli – Libya http://www.gnmtc.com |
| Port Sector | Public administration responsible of the management of the Port Authorities | | Libyan Ports & Maritime Transport Authority |
| | | Ports and Maritime Transport Authority | Socialist Port Company http://www.lpclibya.com |
| Logistics Operators | Port Authority responsible for the management of 8 commercial ports | Port Authority | Aramex P.O.Box. 93350 Tripoli – Libya http://www.aramex.com Bentraco Logistics P.O.Box. 91997 Dat El Imad Post Office Tripoli – Libya http://www.bentracologistics.com |

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- *Trade Sustainability Impact Assessment (SIA) of the EU-Libya Free Trade Agreement*. European Commission, DG Trade, October 2009.
- *Report Libya's economic and commercial*. ICEX, February 2010.
- *Export to Libya*. Spanish Embassy and Economic and Trade Office, Tripoli. March 2007. 2009, août 2009, octobre 2009, février 2010

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- Libia online (business)
<http://www.libyaonline.com/business/>
- CIA - The World Factbook
<https://www.cia.gov/library/publications/the-world-factbook/>
- Eurostat: External Trade Database:
<http://epp.eurostat.ec.europa.eu/newxtweb/>
- ICEX « Instituto Español de comercio Exterior » (Spanish Foreign Trade Institute)
<http://www.icex.es>
- CETMO
<http://www.cetmo.org>
- Railroads Project Execution and Management Board
www.railroads.org.ly
- Libya for Shipping and Maritime Services
<http://www.libyashipping.com>
- Socialists Port Company
<http://www.lpclibya.com/en/>
- ANIMA Investment Network
<http://www.animaweb.org/>
- The Paris Memorandum of Understanding on Port State Control
<http://www.parismou.org/>
- Logistics Performance Index. The World Bank
<http://www.worldbank.org/lpi>

Acronyms of Libyan Organizations and Institutions

| | |
|--------------|--|
| DGT | Directorate of Administration of Land Transport |
| GNMTC | General National Maritime Transport Company |
| GPCTC | General People's Committee for Transport and Communication |
| LPMTA | The Libyan Ports & Maritime Transport Authority |
| LSW | Libyan Single Window |
| SPC | Socialist Port Company |