

Monthly Commercial Report - October 15

Embassy of India

Tripoli

No.TRIP/Com/201/01/2015
mber 03 , 2015

Nov

Monthly Commercial Report for the month of October 2015

Overview

Libya is passing through a very fragile security situation with armed conflicts and a political stalemate with two governments – one legitimate elected House of Representatives (moved away to east of Libya around 1200 KM from the capital). Militias have taken over control of Tripoli with all the central Ministries and departments with de-facto control since July, 2014. Prominent businessmen, expatriate community including diplomatic corps have shifted to neighboring countries. The Embassy itself has been relocated to Djerba in Tunisia. Tripoli airport has been completely destroyed. The civil unrest, which is a significant deterrent to international trade and investments, also impacted on our own exports.

Hydrocarbons

Oil production rises, but still low: Libya's oil production has risen from 300,000 barrels a day to 400,000, the National Oil Corporation is reported to have confirmed on 9th October. The spike in production, the highest seen in a year, comes after the eastern field of Al Majida field re-opened after five months closure from strike action. That has boosted production of Benghazi-based Arabian Gulf Oil Company (AGOCO), the biggest NOC subsidiary in eastern Libya, to 250,000 barrels a day. Most of Libya's production comes from the south east, the eastern Sirte basin and offshore off the west coast. Fields in parts of the western Sirte basin remain closed after attacks by Islamic State (IS) forces last spring, while the big south-west fields of El Fil and Sharara remain closed due to complex disputes that are partly political and partly about who guards them and about the payment of remuneration. Yet problems for the oil sector remain, with the biggest oil port, Sidra, still closed after being attacked by Libya Dawn militias in December, in fighting that left several storage tanks destroyed. Last week it was attacked by IS fighters from

the Sirte area. Also still closed is nearby terminal at Ras Lanuf which also country's largest refinery.

INTERNAL

2. **Central Bank of Libya releases Q3 2015 report:** The latest Q3 2015 financial report on Libya by the Central Bank of Libya (CBL) released on 11th October revealed that the bank has been successful in decreasing spending and reducing the total deficit from 2013 to 2015. The CBL Q3 financial report is released just days after an impasse is reached by the two Tripoli and Tobruk-based political and military factions on the political agreement brokered by the UN's Special Representative Bernardino Leon.

3. The main points of the CBL report are a decrease in the budget deficit by 50 percent in comparison with the same period in 2014; a decrease in the budget deficit by 35 percent in comparison with same period in the estimated 2015 budget; a decrease in total outgoings by 31 percent compared with the same period in 2014; a decrease in total outgoings by 20 percent compared to estimated 2015 budget; a decrease in state-sector salaries by 21 percent compared to same period in 2014; a decrease in state sector salaries by 4 percent compared to the same period in the estimated 2015 budget; a decrease in subsidies by 44 percent compared to the same period in 2014; and the amount spent on subsidies remained the same as estimated for 2015 budget. The CBL said that total foreign currency use has decreased by 51 percent compared to the same period in 2014, and decreased by 51 percent by commercial banks for the same period in 2014 and decreased by 49 percent by the state compared with the same period in 2014.

4. The main cause of Libya's economic and financial crises, the CBL says, "is the lack of security". This lack of security is a major cause in the fall in oil production. This production and export decline is also accompanied by the record fall in international crude oil price.

5. The Tripoli-based Central Bank of Libya (CBL) warns of a financial and economic "catastrophe" and "suicide" if there is no political "consensus" between the conflicting Libyan parties.

6. **Audit Bureau freezes 160 bank accounts:** Libya's Tripoli-based Audit Bureau has issued a ruling on 15th October, freezing the bank accounts of 160 companies and individuals variously accused of smuggling foreign currency, falsifying official documents and evading customs duties. Eight customs clearance offices were also banned from operating. This move by the Audit Bureau comes as part of a wider effort by it and by the Central Bank of Libya to counter corruption and the smuggling of Libya's foreign currency through the opening of false Letters of Credit or the transfer of money abroad without importing goods in return.

BILATERAL

7. Exports by India to Libya during the period 2014-15 stood at US\$ 163.74 million and India's imports from Libya went down to US \$ 70.14 million. Thus the trade balance decreased substantially million mainly because of civil-war like situation in Libya and decrease in oil production due to militia fighting and perennial strikes.

Values in US \$ Millions LIBYA

S.No.	\Year	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
1.	EXPORT	131.99	60.98	215.30	287.74	163.74
2.	%Growth	-40.54	-53.80	253.07	33.65	-43.09%
3.	IMPORT	969.09	38.33	1,834.80	451.54	70.14
4.	%Growth	55.64	-96.04	4,687.03	-75.39	-84.43
5.	TOTAL TRADE	1,101.08	99.31	2,050.09	739.28	233.86
6.	%Growth	30.36	-90.98	1,964.40	-63.94	-68.36%

8. The main items of India's exports to Libya are transport equipment, processed minerals, machinery & instruments, coffee, drugs & pharmaceuticals, natural silk yarn, fabrics, and other commodities. Incidentally India emerged as a major exporter of marble, granite and Hyundai cars. The main item of India's imports from Libya is petroleum (crude and products).

9. During the month of October 2015, the Mission issued 6 business visas.

This issues with the approval of Ambassador.

(Sunil Kumar)

Second Secretary(Com)