

Qatari Investments in Libya accounting for around USD 10 billion



Before the collapse of the Libyan regime led by Gaddafi, several Libyan-Qatari agreements were concluded covering common investments that exceed USD 10 billion. After the National Transitional Council (NTC) took power in Libya, the Qatari Government started to observe cautiously, like all the other countries that supported the NTC, the size of its projects and investments in Libya. Several steps were taken to revive these projects, in the hope of more Qatari investments in Libya, especially after the estimations of some international reports that the

actual cost for the reconstruction of Libya is around USD 700 billion. The first phase of the reconstruction plan estimated at USD 200 billion will start next year.

Greater Investment Opportunities... and Fears of Political Repercussions

What is the current size of the Qatari investments in Libya? And what are the prospects for such investments?

Current Investments

According to a special report issued by Barwa Real Estate Company in Qatar, the latter had previous agreements with Libya for the completion of a huge project that includes hotels, residential complexes and entertainment facilities on a surface of 3,000 square meters, with a value up to USD 2 billion.

The company announced in a statement on Qatar Exchange website, that it signed an agreement with an Emirati bank to obtain a loan of AED 700 million (USD 190.6 million) for the financing of investments and projects including the construction of properties in Libya.

The Libyan-Qatari Company declared recently the laying of the foundation stone of "The Waterfront" project, for the construction of a luxurious residential complex and resort near Tripoli, expected to be completed by the end of 2012.

The Libyan-Qatari company is a joint venture between the Qatari Diar Real Estate Investment Company, of the Qatar Investment Authority, and OYA Tourism Investment and Social Development, subsidiary of the Economic and Social Development Fund in Libya. Mr. Abdul Aziz Thiab, Chairman of the Libyan-Qatari Company added that Libya is one of the fastest growing business and tourism markets, indicating that "The Waterfront" project is unique and modern and it overlooks the Mediterranean Sea. He also

emphasized the trust in partnership with the Qatari Government in the development of the Libyan economy during the coming period.

Nasser Bayan, president of the Egypt-Libya Business Council, stated that Libya needs now all the Arab efforts for its reconstruction. Qatar has started the reconstruction early, as it has major real estate projects in Libya and it cooperated with the NTC, when it agreed on the marketing of crude oil produced in the fields of eastern Libya controlled by the rebels, pointing out that the oil production in these fields exceeds 100,000 barrels per day.

Bayan added that the Libyan Government is currently suffering from a lack of liquidity, in addition to the accumulation of oil production. Therefore, it is in great need of immediate investments, whether by Arab or Western countries, especially with the accumulation of oil production from the past period. He said that the Qatari investments in Libya persist because they are supported by both Governments that wish to revive the country after the recession that preceded the collapse of Gaddafi regime. The current investments opportunities in Libya are wide open to the Arab and foreign capitals, particularly for the real estate investments, petroleum services and infrastructure projects.

Flights

Qatar Airways announced that it has launched flights to Benghazi, and it is the first international and regional airline that makes such a move. It has already started to schedule four flights per week, which is seen by some as a significant step as it will accelerate the reconstruction process of Libya, according to Jassim Al Idrissi, Head of Investor Relations at the United Libyan Tourist Investment Co. He stressed that there are more than four million Libyans living abroad and such flights would be a good opportunity for them to return to their country and contribute in the reconstruction.

Al Idrissi stated that there are huge Qatari projects in Libya and they will increase in size over the coming period, especially in the constructions and hotels field. The State needs new plots of land to replace those destroyed during the Libyan revolution, adding that Qatar has a major role in helping the rebels in the coming period which will be reflected in many privileges for the Gulf country. Some government agencies have started to conclude contracts with Qatari companies in the construction field for the building of new hotels, as well as in the petroleum services field.

Ali Tarhouni, former financial and oil minister in the NTC, stated that Qatar is assisting the Government in marketing the crude oil produced in the fields of eastern Libya, noting that the oil production in these fields exceeds 100,000 barrels per day.

He pointed out that shortly before the collapse of the regime, many contracts were signed between Libya and Qatar at an amount of USD 8 billion. These contracts include the establishment of a joint investment fund with a capital of USD 2 billion, a sports and services project at a cost of USD 300 million, in addition to the establishment of a joint bank under the name Libyan Qatari Bank, with a capital of USD 500 million, and the acquisition of 10% of Arab Petroleum Services Company based in Libya, by Qatar Petroleum.

The economic analyst, Dr. Hamdi Abdel-Azim, Professor of Economics and former head of Sadat Academy for Administrative Sciences in Cairo, expected that the political role played by Qatar in supporting the rebels may have larger positive effects, but he dreaded some future disturbances or disputes between the rebels, which might affect the interests of Qatar as it is the first Arab country to participate in beating the former regime. Therefore, any progress in the Qatari investments depends totally on the political role played by the NTC currently, which will be completely disturbed in the case of entry of international forces to Libya as some parties were suggesting. This drives the multinationals, and particularly the American companies to compete the Qatari companies in the petroleum industry and constructions fields.

He also expected that the Qatari banks and companies will benefit from the investments in Libya, as the latter occupied the twelfth place among the largest oil-exporting countries in the world, with a production up to 1.6 million barrels per day, i.e. equivalent to 2% of the total world production. This production will increase after stabilization of the situation and the presence of a strong Government in the country. He added that it is likely that the next Government will increase the production capacity of the country by depending on its oil reserves, which will let the investors see tremendous opportunities in Libya's banking and insurance sectors, which attracted foreign investors for a brief period after lifting the Western sanctions against Libya in 2004.

Private Sector

The Qatari economist and analyst, Abdullah Al Ali, believes that the Qatari investment opportunities in Libya after the revolution are strictly limited to the private sector, i.e. the real estate sector led by Barwa Real Estate Company, or some other companies operating in petroleum services. He stressed that these companies will be treated equally with the foreign companies and we do not expect any privileges for the Qatari or Arab companies in this area.

Concerning the Qatari Government investments, he stressed that all the foreign investments of Qatar are managed by the sovereign fund of Qatar Investment Authority, which is always looking for major assets in Europe or USA, but Libya does not contain such assets and consequently it does not attract foreign Qatari investments.

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