



Libya Today

The dramatic progress of Libya's economy reflects the constructive use of revenues from oil.

It is a striking example of the benefits that derive from the development of vital resources by international enterprise.





More than 3 billion barrels of oil have flowed from desert wells through pipelines to Mediterranean port loading facilities such as Esso Libya's tanker bow mooring berth at Marsa el Brega (lower right). Oil revenues exceeded \$950 million in 1968. Shipments to Europe of liquefied natural gas, processed at Esso Libya's vast complex at Brega (below), will provide further revenues for Libya's dramatic economic development.







At the time it became independent in 1951, Libya was one of the least economically developed self-governing countries in the world. It had almost no known industrial resources and its agriculture was severely limited by lack of rainfall and the fact that more than 90 per cent of the country is barren desert. Average per capita income was \$40 a year, level of literacy was low, and skilled teachers, technicians, and administrators were scarce. The new nation was largely dependent on outside financial aid and technical assistance amounting to about \$20 million a year from the United States, Great Britain, and the United Nations. There seemed little hope of ever achieving a truly viable economy.

But in the decade since oil was discovered in 1959, Libya has undergone a dramatic transformation. It has attained perhaps the highest rate of economic growth of any developing nation. Per capita income has increased more than sixfold, a chronic trade deficit has been converted into a substantial surplus, and the standard of living has improved markedly.

Tangible evidence of this remarkable change is particularly evident along the Mediterranean coastal region in which the bulk of the population of 1.8 million is centered. Tripoli and Benghazi, the largest cities, sport few Cadillacs, but thousands of compact autos create daily traffic jams. Shops behind cool arcades are well-stocked with a wide variety of consumer goods, from American refrigerators to Japanese transistor radios and elegant Danish furniture. Modern











The government of Libya spent more than \$940 million in its first Five-Year Development Plan, 1963-68. Construction projects included (opposite page, top to bottom) new bridges, the Idris Housing Plan for 100,000 homes, and widening the coastal highway from Tunisia in the west to the United Arab Republic in the east.

homes, apartment houses, office buildings, government buildings have been built or are under construction. New roads, housing projects, hospitals, sewage systems, power stations, and schools are being built under a vast and far-flung public works program.

Libya's economic development has been brought about almost entirely by oil revenues. The discovery and subsequent production of oil were fostered by a favorable legislative climate, and the enactment of a modern and comprehensive petroleum law in 1955 encouraged the rapid evaluation and development of petroleum resources. The government stimulated competition by granting a large number of concessions distributed among many companies. A further incentive to exploration was a provision of the law that required the periodic surrender of unexplored acreage. Companies were thus under pressure to explore as much territory as possible before concessions expired.

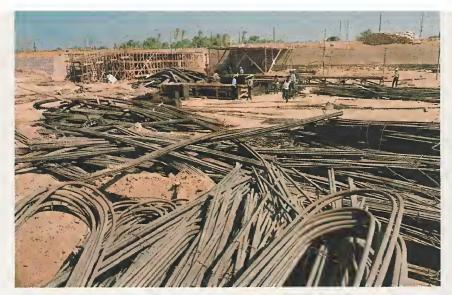
The first major commercial oil strike in Libya was made at Zelten in the desert in the spring of 1959 by Esso Standard Libya Inc., an affiliate of Standard Oil Company (New Jersey). Pipelines were laid and terminal facilities built in record time. In 1961, Esso Libya began the first exports of Libyan oil from the port of Marsa el Brega on the Mediterranean. Since then, the growth of the petroleum industry in Libya has been phenomenal. Production soared from just 40,000 barrels a day in 1961 to an average of more than 2.6 million barrels daily in 1968. Cumulative production has exceeded 3 billion

barrels, making Libya the seventh largest producer of crude oil in the world and fourth in volume of petroleum exports. Five oil-export terminals are in operation.

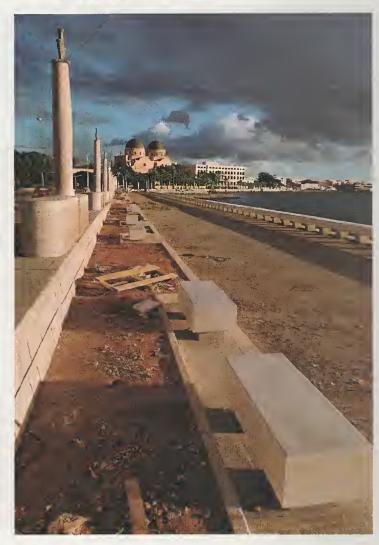
To date, more than 100 oil fields have been found in the country, with about one-third considered commercial. More than 130 concessions are held by more than 30 companies. Cumulative expenditures by these companies have exceeded \$2.5 billion and are still mounting. This does not include royalties and taxes paid by operators to the Libyan government.

The government of Libya—and, in turn, the people—have been the direct beneficiaries of the oil bonanza. Revenues to the government from oil operations of foreign companies increased from \$19.6 million in 1962 to an estimated \$950 million in 1968. An additional source of revenue will be provided when Esso Libya begins shipments of liquefied natural gas (LNG) to customers in Italy and Spain. The LNG project, largest in the world, involves an investment in three countries of some \$350 million. It will result in additional employment and further economic benefits for Libya.

Indeed, the impact of petroleum operations on the Libyan economy can hardly be exaggerated. The industry provides over 80 per cent of all government revenues. Petroleum companies also channel hundreds of millions of dollars into the domestic economy through payments to contractors and various service industries. Since 1958,







The building boom is transforming cities and rural areas. Over 3,000 miles of roads have been constructed in the past six years. The seafront promenade and highway in Benghazi are widened and resurfaced.





Per capita income has multiplied six times in the past decade. Traffic jams in Tripoli reflect the new affluence. Busy ports (opposite) handle rising volumes of imports and exports.





immediately before the discovery of oil in commercial quantities, Libya's gross domestic product—the total of all goods and services—has increased from \$146 million to more than \$2.4 billion.

Libya has had a highly favorable balance of payments position since 1963 when petroleum exports began to assume sizable proportions. In 1967, exports—with petroleum accounting for 99 per cent of the total value—amounted to \$1.1 billion, while imports were \$475 million. Over the past decade, foreign exchange assets have increased more than seven times.

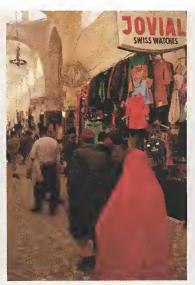
The bare statistics, striking as they are, do not tell the full story of Libya's internal development. From the first discovery of oil, the government was determined that the benefits of the newly found wealth should accrue directly to the people. Accordingly, it adopted a Five-Year Development Plan for the 1963-68 period and decreed that 70 per cent of all oil revenues would be earmarked for development projects. The plan originally called for expenditures of \$473 million. That amount was later increased to \$944 million, partly because of cost inflation but also because of higher goals in economic and social development. The second five-year plan, which began in April 1969, calls for an estimated average annual expenditure for development of \$640 million.

In order of priority, the most heavily favored areas of development in the first five-year plan have been public works, agriculture, communications (including port development and road construction), education, and health. In addition to this extensive program, the government has initiated an Idris Housing Plan—named in honor of H.M.King Idris I—which calls for the construction of 100,000 homes at a cost of \$1.1 billion during the 1966-71 period.

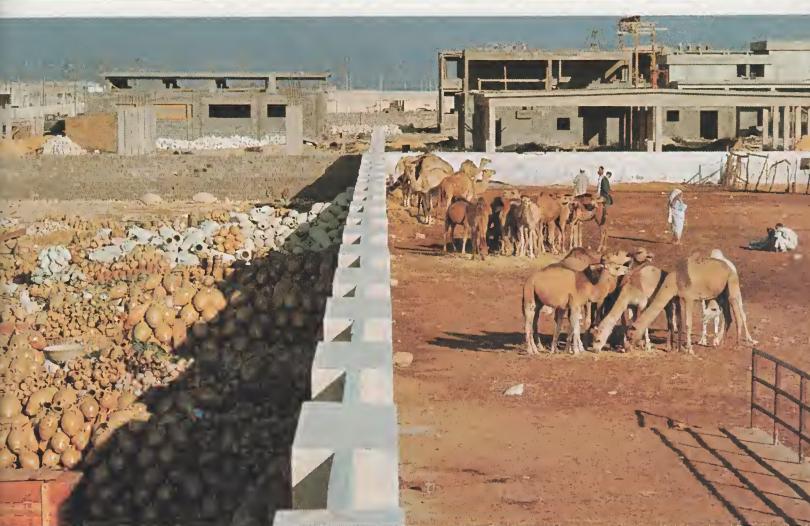
The largest portion of development funds so far has of necessity gone toward strengthening the nation's infrastructure—highways, ports, airfields, terminal facilities, sewage systems, power stations, schools, and hospitals. The results have been impressive. Some 3,000 miles of road have been constructed; port facilities have been added or improved at Tripoli, Benghazi, Misurata, Derna, Tobruk, and Zuara; electric power output has increased three times over the 1962 level; pure water supplies have been extended to 20 urban centers; an average of 2,000 classrooms has been added annually; and 15 new hospitals have been built. One current major project involves, at a cost of about \$125 million, widening and resurfacing the coastal highway which runs more than 1,100 miles from the Tunisian border in the west to the United Arab Republic in the east. Additional millions have gone into the construction of two self-contained sports cities at Tripoli and Benghazi. The facilities at each site include a football stadium, swimming pools, athletic fields, and an indoor gymnasium.

The government of Libya is striving to increase the level of industrial activity to broaden the nation's economic base. At the time of independence in 1951, industry was virtually nonexistent. Since then,





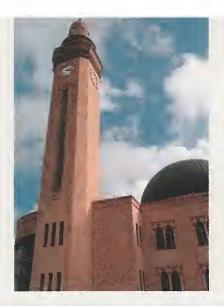




Libya's "new look"—as seen in modern sports stadiums, shopping arcades, and supermarkets—coexists with the "old look" or traditional way of life. Camels and pottery are among the items sold at the "Tuesday Market," on the outskirts of Tripoli.







Major advances have been made in education. The Islamic University (left) has courses in theology, law, and the Arabic language. More than 2,500 students attend the University of Libya (lower left), and hundreds of new primary and secondary schools have been built. Facilities at the expanding University of Libya in Benghazi include a modern library (opposite).







more than 80 factories have been built. Many enterprises have been established to service the dominant petroleum sector, but others are engaged in food processing and the production of construction materials, such as cement, textiles, and glass. The government itself operates tobacco and salt monopolies, municipal utilities, date packing, flour milling, and vegetable oil refining plants.

It is the declared policy of the government to encourage the maximum degree of private investment in industry. To that end, it has set up an Industrial Development Organization which provides low-interest loans to entrepreneurs. Loans have been made for the manufacture of batteries, iron fences, and detergents, among other new activities. To create a pool of skilled labor, industrial training centers have been established at Tripoli, Benghazi, and other urban areas.

Meanwhile, foreign investment is encouraged by a law which provides that in certain circumstances special privileges—such as exemption from income tax for a limited period of time—may be granted to projects in which foreign capital is invested. The goal of meaningful and diversified industrialization is still quite a way off, but notable steps are being taken in that direction.

Progress is also being made in agricultural development, again starting from a low base. In this sector, the government's guiding role is all-important. Perhaps no department of the government faces greater challenges than does the Ministry of Agriculture. One of the

challenges is posed by the nature of the land itself. Only 1 per cent of the country, mainly along the narrow coastal strip, has been suitable for farming because of the lack of water. In the desert and oasis area of southern Libya, there is less than three inches of rainfall a year. Complicating the problem has been a steady migration in recent years of rural workers to urban centers lured by the hope of higher incomes.

The government's task is twofold: to increase the productivity of the arable land and to stem the rural exodus. Many measures have been taken to achieve both aims, beginning with a nationwide survey of all soil and water resources. In areas of acute water shortage, wells have been drilled and irrigation canals built. A development of potential significance is the recent discovery of a large body of subterranean water deep in the desert 550 miles south of Tobruk. It is already being tapped to irrigate several hundred surrounding acres for experimental farming.

Soil conservation techniques have been developed and implemented. Millions of trees, for example, have been planted in a major afforestation effort. An extensive dune stabilization program in areas where sufficient rainfall exists has been conducted jointly by the government and Esso Libya. Desert areas have been sprayed with a special petroleum binder that stabilizes shifting sand dunes, and then planted with tree seedlings. These plantings grow rapidly and convert dunes into forests which will, in time, yield fuel and some lumber.

In addition to educational programs abroad, private oil companies conduct extensive training programs for their Libyan employees in Libya. The oil industry's language training center in Tripoli (upper left); and theory and practice at Esso Libya's Training Center at Marsa el Brega are seen here.







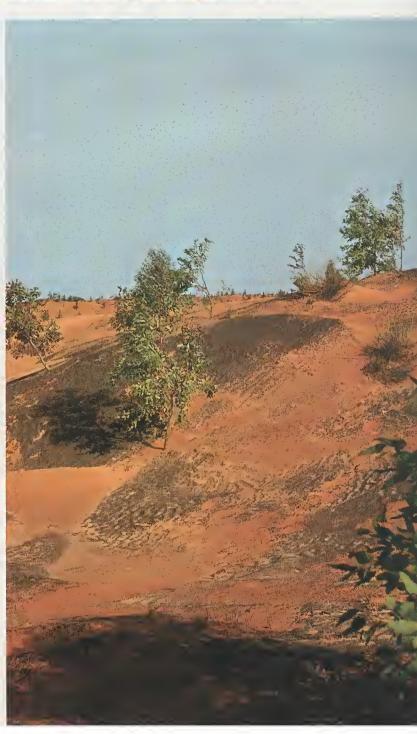








Libya's agricultural development program has the long-range goal of restoring self-sufficiency in food production. Irrigation methods (top right) have produced sharp gains in cropyields. Soil conservation is aided by dune stabilization projects in which a desert area is planted with tree seedlings (right) after it has been sprayed with a petroleum binder that stabilizes shifting sand (above). The end result will be timber for fuel and lumber.



A large portion of development funds has been earmarked for a land settlement program, increasing Libyan private ownership of former Italian farms. Training courses are offered in modern agricultural methods and an extension service is provided. Farmers receive generous government subsidies toward the purchase of fertilizers, pesticides, animal feed, and machinery. Long-term, interest-free loans are readily available for the establishment of new farms or the development and improvement of existing ones. And since 1961, the government has supported the prices of major agricultural products, such as wheat, barley, olive oil, peanuts, and almonds. All of these and other measures have yet to restore Libya to the self-sufficiency in food production which she enjoyed a generation ago, but crop yield is definitely on the increase. There have been dramatic gains in the output of wheat, citrus fruit, potatoes, tomatoes, and olives.

Tourism is another area for development of good potential. Libya's sunny Mediterranean shoreline has fine beaches, spectacular Greek and Roman ruins, including marble amphitheaters restored to use. In Tripoli, a modern and attractive metropolis, a massive seventh-century Turkish fortress has been converted into a fascinating archaeological museum. Recently, a Ministry of Tourism and Antiquities has been established, and many new facilities, including hotels and "tourist villages," are planned.

Perhaps nowhere on the Libyan scene has the remarkable advance

Progress is being made toward economic diversification through expanded industrial and agricultural activity. New factories (opposite) produce cement, detergents, and building blocks. The thousands of tree seedlings assembled for planting will in future years yield a crop of timber.

of the past few years been more evident than in the field of education. In 1951, there were only an estimated 14 Libyans with university degrees. Today, more than 2,500 students are attending the Libyan University, and several hundred are studying abroad. In 1951, there were approximately 32,000 boys and girls in 198 primary and secondary schools. Now, there are more than 300,000 in more than 950 schools. All education is free, and older students receive living allowances.

The University of Libya was founded in 1955 with a College of Liberal Arts and Education in Benghazi. Since then, the university has expanded rapidly, adding colleges of commerce and economics, law, science, agriculture, engineering, and teacher training, with a medical college projected. The general education system is operated on five levels: pre-primary (nursery school and kindergarten); six-year primary; three-year preparatory; three-year secondary; and four-year university. A vocational school system includes teacher training, industrial, commercial, and agricultural schools. It enrolls pupils who have completed six or nine years of general education. There is also a parallel Islamic religious education system beginning at the nursery school level and extending through the Islamic University at Beida, with colleges of theology, Islamic law, and Arabic language. The government sponsors an extensive adult education program with special emphasis on literacy and job-training courses. In addition, a special adult education teacher-training institute has been established at Benghazi.

















Libya, despite the very real economic and social progress achieved so far, still has considerable problems. Some are indigenous and some are common to all developing countries. There remains a shortage of skilled, educated manpower. Price inflation is a growing concern. Industrial development to date has been limited and needs further broadening. Agricultural development continues to be hampered in some areas by water shortage, a lack of technical know-how, and modern equipment.

But Libya is well on the way toward establishing a viable economy. It is a prime example of what private investment in conjunction with technology can accomplish where there are valuable natural resources and a favorable "climate" for such investment—political stability, fair taxation, flexibility in the repatriation of earnings, a friendly attitude toward private enterprise. The flow of foreign capital into Libya, already of massive proportions, promises to continue unabated.

Once economic development begins, it has a way of generating its own momentum. Underdeveloped nations become developing nations; developing nations become developed nations. That happened in the United States; it happened in Western Europe and Japan; and it is happening right now in other areas of the world. The spectacular advance made by Libya bears witness. And let it not be forgotten that, as the less developed countries make economic progress, they also make social progress—all of which helps toward a more prosperous and peaceful world.

Tourism, once neglected, is receiving special emphasis in the current development program. New hotels and "tourist villages" are being built along the Mediterranean coast and inland. Attractions include sightseeing by carriage in historic Tripoli, sunny beaches and sailing, exploring ancient Greek and Roman ruins.







