

Date: Translation from Arabic

التاريخ:

The Libyan Interim Government

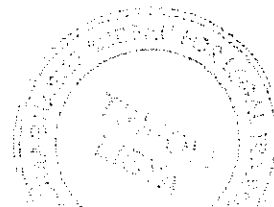
Ministry of Economy

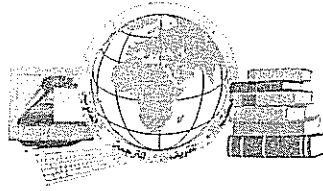
Decision of the Minister of Economy N°. (207) of the year 2012 in respect
of Foreigners Participation in Foreign Companies, Branches and
Representative Offices of Foreign Companies in Libya

The Minister of Economy

After perusal of:

- ✦ Constitutional Declaration issued on 03/08/2011.
- ✦ Resolution of the National Transitional Council N°. (174) of the year 2011 specifying the structure of the Government.
- ✦ Resolution of the National Transitional Council N°. (184) of the year 2011 approving the Interim Government.
- ✦ Law N°. (7) concerning tourism and executive regulations thereof.
- ✦ Law N°. (9) of the year 2010 for investment promotion and its executive regulations.
- ✦ Law N°. (11) of the year 2010 regarding Stock Exchange Market.
- ✦ Law N°. (12) of the year 2010 for issuance of labour relations law and executive regulations thereof.
- ✦ Law N°. (15) of the year 2010 respecting lease financing and its executive regulations.
- ✦ Law N°. (23) of the year 2010 regarding commercial activity.
- ✦ The Statutes of the National Transitional Council.
- ✦ Decision of the former General People's Committee N°. (544) of the year 2010 respecting the regulations for registering and classification of Executing Bodies / Organs.
- ✦ Decision of Ministry of Economy N°. (103) of the year 2012 respecting participation of foreigners in joint-venture companies, opening of branches and representative office of foreign companies in Libya.





Date: _____

التاريخ: _____

- 2 -

⌘ Minutes of meeting of the Legal Committee and Advisory Committee of Ministry of Economy held on 20/06/2012.

Do hereby decide:

Section One

Joint-Venture Companies

Article (1)

Subject to the unity of object and specialization, formation of joint-venture companies shall be between the Libyan national and body corporate persons and the foreign national and body corporate persons according to their specialties as registered with the official departments in the country of abode of their main domicile, after obtaining permission from the Minister of Economy, provided the joint-venture shall not be a holding company.

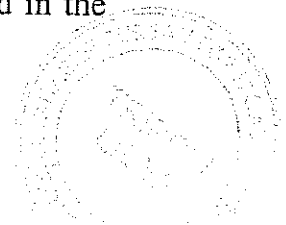
The chairman of board of directors of the joint-venture (joint-stock) company or the manager of joint-venture (limited liability) company should be of Libyan nationality.

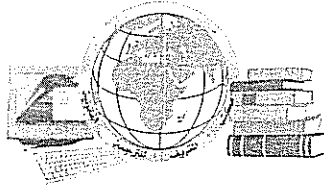
Article (2)

The joint-venture companies shall take the legal form and status of a joint-stock company under the provisions of commercial activity law N^o. (23) of the year 2010 provided that its paid up capital upon incorporation shall not be less than one million dinars or three tenths (3/10) of the cash capital subscribed, whichever is the greater.

Such forms of companies may carry on economic activities in all fields in Libya under the effective legislations except the fields specified under article (6) hereof.

The joint-venture company may also take the form of limited liability company formed by natural body persons (Libyans and foreigners) and the capital in such case shall not be less than fifty thousand Libyan dinars in the fields stated in the List appended with this decision.





Date: _____

التاريخ: _____

- 3 -

Article (3)

The participation of foreigners in the capital of the joint-venture company, throughout its existence, shall not exceed (49%) forty-nine percent.

However, for certain considerations concerning the nature of activity, its location, technical or technological requirements and under justifiable decision from the Minister of Economy, the foreigner's participation may exceed the portion stipulated but by no means shall surpass (60%) sixty percent.

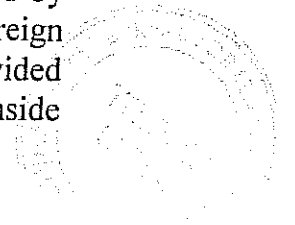
Article (4)

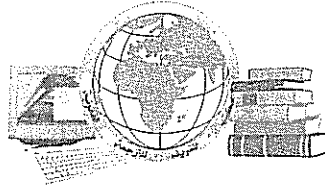
Upon signing the memorandums of association of joint-venture companies, the following documents should be provided:

I- For the Body Corporate Person:

- 1- Decision of the national and foreign Company's Board of Directors approving participation in establishing a joint-venture company and to mention the percentage of each partner therein.
- 2- A copy of memorandum and articles of association of both, the national company and the foreign company.
- 3- A fresh extract of registration entry of the national and foreign company in the Commercial Register or its equivalent.
- 4- Statement from a commercial bank operating in Libya, to the effect that the monetary capital of the company have been effectively paid in full provided not to be less than three thirds of the monetary capital and confirming that the foreign partner has duly transferred the amount needed to be provided of his portion in the Company's capital to Libya.
- 5- Statement evidencing provision and valuation of the shares in kind in accordance with article (104) of law N^o. (23) of the year 2010 and whether these shares in kind are provided by the national or foreign partner.

The documents referenced in paragraphs (1-2-3) hereof should be attested by the competent official bodies in the country of abode respecting the foreign partner and from the Libyan Embassy or its equivalent in that State provided documents in foreign language shall be translated to Arabic language inside Libya by a sworn translator.





Date: _____

التاريخ: _____

- 4 -

The administration shall inform the person concerned about the decision made in respect of the application being approval or rejection within fifteen work days from the date of such decision.

Article (5)

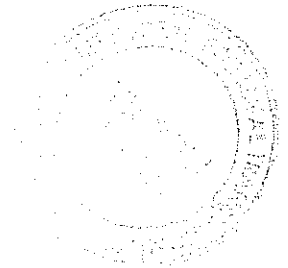
Joint-venture companies shall abide and stick to the following rules and conditions:

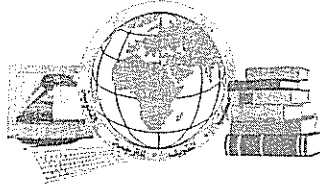
1. Transfer and settlement of know-how and technology.
2. Hire and employ national manpower in accordance with the percentages specified under the effective legislations.
3. Lay out yearly programmes for training, qualifying and habilitation of national manpower in the professions and jobs filled by foreign staff.
4. Set out programmes on annual basis for replacement of foreign manpower by national manpower.
5. Use of machinery, equipment, raw materials and production requirements available in the local market.

Article (6)

It is prohibited to establish joint-venture companies for carrying out the hereunder activities whereas such activity shall be confined to Libyans only, in exclusion to any others:

- 1- Retail and wholesale.
- 2- Importation activity.
- 3- Catering services.
- 4- Commercial agencies of all types and fields.





Date: _____

التاريخ: _____

- 5 -

- 5- Land transport services.
- 6- Inspection of all goods and commodities exported and imported.
- 7- The activity of handling, loading and unloading in sea ports.
- 8- Auditing, legal and financial consultancy, legal and economic consultancy.
- 9- Rock crushing (Crushing Plants).
- 10- Recruitment of skilled and non-skilled labour, intermediate and higher personnel as per the conditions and rules laid down by the Ministry of Labour and Habilitation.
- 11- Construction and civil works including the activity of building and construction for contracts which amount is less than (LYD 30,000,000) thirty million Libyan dinars.
- 12- Any other activity which practicing is limited to Libyans under the effective legislations.

Section Two

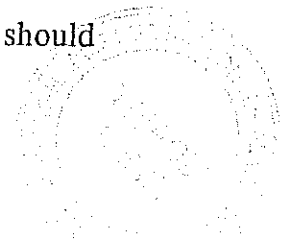
Branches of Foreign Companies

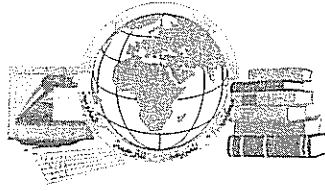
Article (7)

Foreign companies, after taking out permission from the Minister of Economy, shall have the right to open branches thereof in the fields specified under article (9) of this decision, provided they shall not be participating in a joint-venture company operating in the same field or activity. The duration of the branch shall be five (5) years subject to renewal.

Article (8)

Application for obtaining permission, provided for in the preceding article, should be appended with the following documents:





Date: _____

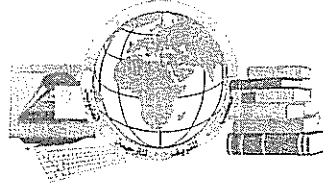
التاريخ: _____

- 6 -

- 1) Decision of Company's Board of Directors, approving the opening a branch for the Company in Libya that includes the following:
 - a) Define the activity of the Branch provided it should be falling within the activities permitted for foreign company branches to carry on in Libya.
 - b) Amount allocated for opening and running the branch, should not be less than (LYD 250,000) two hundred and fifty thousand Libyan dinars.
 - c) Nominate the branch's manager and his deputy, provided either of them should be Libyan.
- 2) Copy of memorandum and articles of association of the Company and the last audited and approved balance sheet.
- 3) Statement evidencing experience of the Company and its classification.
- 4) Fresh extract of entry showing registration of the foreign company in the commercial register or its equivalent.
- 5) Commitment from the foreign company to prepare annual balance sheet and profit and loss account for the Company's branch, approved by a certified Libyan auditor, such as to reflect its financial standing in Libya.
- 6) Certificate from a bank operating in Libya confirming that the Company has effectively transferred the portion of capital required to Libya.

The documents referenced in paragraphs (1-2-3-4) hereof should be attested by the competent official bodies in the country of abode of the Company and from the Libyan Embassy or its equivalent in that State provided the documents shall be translated to Arabic language inside Libya by a sworn translator.





Date: _____

التاريخ: _____

- 7 -

Article (9)

Fields and activities permitted for foreign companies to open branches and practice them in Libya are specified as follows:

I. Contracting and Civil Works

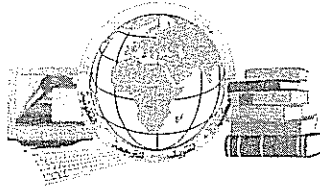
- 1- Building and construction.
- 2- Construction of roads, bridges, viaducts and dams.
- 3- Naval structures such as marine quays, breakwaters, ship building and maintenance docks and dredging in ports.
- 4- Construction of airports and airfields.
- 5- Construction of railways and their stations.
- 6- Construction of gas conveyance and distribution networks using carbon steel and polyethylene pipes of all types and sizes.
- 7- Installation and maintenance of household gas networks and calibration of gas meters of all types.

As a condition for carrying on the fields referred to in the items from (1 to 5), the contract value shall not be less than (LYD 50,000,000) fifty million Libyan dinars.

II. Electricity Works

- 1- Construction and maintenance of power stations including those depending on renewable energies as well as transformer sub-stations of all types.
- 2- Construction and maintenance of cable networks for transmission of electric power.
- 3- Construction of desalination plants depending on thermal methods, membranes and renewable energies.





Date: _____

التاريخ: _____

- 8 -

III. Oil Activities

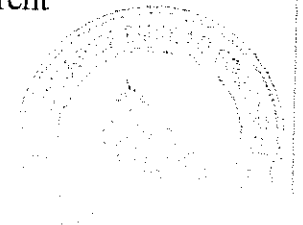
- 1- Oil exploration including subsurface strata survey by the various geological, geophysical and geochemical means ... etc.
- 2- Data processing and analysis and conducting geological and reservoir studies.
- 3- Oil wells drilling and workover, installation and maintenance of drilling rigs / equipment, submersible and submerging pumps.
- 4- Cementation, mud and drilling fluid services.
- 5- Construction tanks, terminals, oil and gas conveyance pipelines and pumping stations, their maintenance and cathodic protection thereof as necessary.
- 6- Construction of floating marine platforms for oil and gas prospecting.
- 7- Installation and maintenance of oil refineries and petrochemical plants.
- 8- Rendering maritime transport services for materials, equipment and machinery for drilling operation in offshore areas.
- 9- Mines clearing from oil fields and other sites.

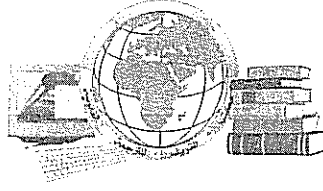
IV. Communications

- 1- Installation and maintenance of telecommunication systems and stations.
- 2- Construction of stations, towers, antennas for telecommunication and aeronautic stations and maintenance thereof.

V. Industry

- 1- Electrical, mechanical, electro-mechanical and technological works necessary for installation of factory machines and maintenance thereof.
- 2- Mining, exploration and extraction of metals, excluding oil materials.
- 3- Construction and maintenance of blast furnaces necessary for the different plants.
- 4- Installation and maintenance of safety and industrial security systems.





Date: _____

التاريخ: _____

- 9 -

VI. Surveying & Planning

- 1- Surveying and mapping work by various means and for different purposes.
- 2- Providing engineering consultancy for city planning and urban areas.
- 3- Preparation of studies and design for engineering projects.

VII. Environment Protection

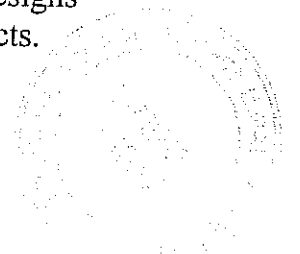
- 1- Construction of stations for environmental sanitation.
- 2- Treatment, processing and recycling of wastes.
- 3- Environmental pollution remedy of, installation and maintenance of relevant equipment.
- 4- Treatment of seawater encroachment with ground water and maintenance of water conveyance and wastewater systems and boosting stations.

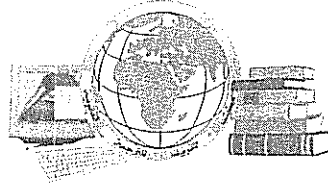
VIII. Computer

- 1- Installation of automatic control systems and development of the relevant programs / software and maintenance thereof.

IX. Consultancy, Technical Studies and Training

- 1- Training and preparation of studies in the field of information technology, telecommunications and control systems, provision of the necessary consultancy in this respect and construction supervision.
- 2- Training, capacity building and skills formation to answer the needs of labour market and without conflict with law N^o. (18) of the year 2010 regarding education.
- 3- Preparation of technical studies and provision of engineering designs necessary of the execution of major industrial and constructional projects.
- 4- Construction supervision of engineering projects.





Date:

التاريخ:

- 10 -

X. Health

1. Installation, maintenance and calibration of medical machines and equipment.
2. Management of hospitals and medical units.

XI. Air Transport

- According to the rules and conditions specified under the law.

Article (10)

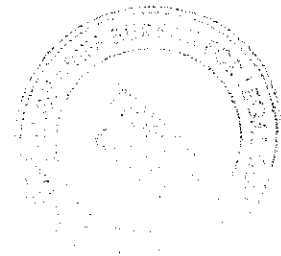
The decision approving opening of a branch shall not involve combination between more than one of the fields and activities provided for under article (9) hereof. A separate permission shall be given for each field.

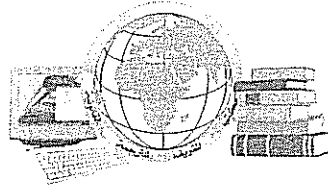
Article (11)

All national and foreign bodies operating in Libya are barred from engaging with foreign companies to carry out works inside Libya unless they have duly obtained the permission stipulated under article (7) hereof.

Article (12)

Foreign companies having branches in Libya at the time of issue of this decision and engaged in executing projects shall be exempted from observing the provisions of this decision until expiry of the contract period, provided they shall settle their situation as soon as they conclude execution of such contracts.





Date:

التاريخ:

- 11 -

Section Three

Foreign Company's Representative Offices

Article (13)

Foreign companies not having a branch or a joint-venture company in the field required and after obtaining permission from the Minister of Economy, shall have the right to open a representative office thereof in Libya for the purpose of attending its interest, explore markets, collect data, conduct studies and facilitate procedures for carrying on its activity in the future, without such office having the power to sign contracts in its name.

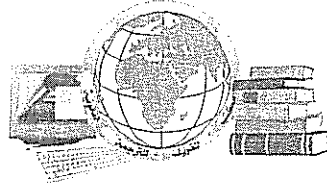
The representative office shall have duration of two years subject to renewal for the same period only once.

Article (14)

Application for obtaining permission, provided for in the preceding article, should be appended with the following documents:

- 1) Decision of Company's Board of Directors, approving the opening a representative office for the Company in Libya.
- 2) A copy of memorandum and articles of association of the Company.
- 3) Fresh extract of entry showing registration of the company in the commercial register or its equivalent.
- 4) Nominate the representative office's manager either in the same decision of opening or under a separate decision.
- 5) Opening an account in Libyan dinar or foreign currency with a bank operating in Libya and cover its balance by drafts from the represented company such as to be sufficient for covering the minimum cost of establishment and its commercial expenses. In all cases the credit in account shall not be less than (LYD 150,000) one hundred and fifty thousand Libyan dinars.





Date: _____

التاريخ: _____

- 12 -

The documents referenced in paragraphs (1-2-3-4) hereof should be attested by the competent official bodies in the country of abode of the Company and from the Libyan Embassy or its equivalent in that State provided documents shall be translated to Arabic language inside Libya by a sworn translator.

Article (15)

The decision given to the representative office shall be cancelled and the office closed if it carries on any commercial activity inside Libya.

Section Four

Common and Conclusive Provisions

Article (16)

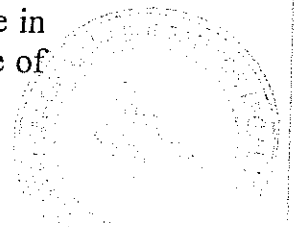
Foreign companies desirous to establish joint-venture companies, open branches or representative office therefor in Libya, shall submit an application in that respect to the General Administration of Corporate and Commercial Registers / Ministry of Economy or to its offices in other regions.

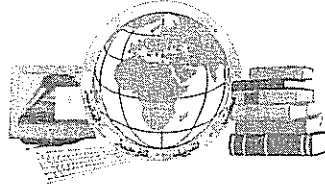
In the application there should be mentioned the name of the person authorized to finalize the application transaction, his occupation and the address for correspondence.

Article (17)

The General Administration of Corporate and Commercial Registers / Ministry of Economy and its offices in other regions shall assume examination and checking the applications presented and shall refer them, adjoined with its opinion, to the Minister or his deputy within fifteen work days from the date of receiving the application or from the date of satisfying and completing the missing items and the application shall be adjudged within thirty days from the date of reference.

The administration shall inform the person concerned about the decision made in this respect being approval or rejection within fifteen work days from the date of such decision.





Date: _____

التاريخ: _____

- 13 -

Article (18)

In addition to the information provided for under article (491) of law N°. (23) of the year 2010, there should be attached with the application of inscription in the commercial register for the joint-venture company, foreign company's branch or representative office, the following documents:

- 1- Decision approving establishment of the joint-venture company, opening of branch foreign or representative office of the foreign company's, as the case may be.
- 2- Statement from a bank operating in Libya, confirming that the foreign partner or foreign company has in effect transferred the funds required to Libya for the purpose of opening the branch or the office or paying the shares amount in the joint-venture company.

The legal representatives of the joint-venture company, manager of the branch and manager of the representative office shall deposit their signature specimen with the Commercial Register concerned.

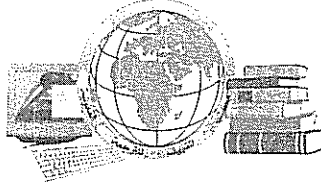
Article (19)

This decision shall come into force as from the date of its issue and shall be published in the Official Gazette, any provision in contravention thereof shall be repealed and all bodies concerned shall put it into effect. Persons and bodies subjects of its provisions shall have to regularize and conform their situations within six months from the date of taking effect.

(Signed & stamped)
Ahmed Salem El-Koshli
Minister of Economy



Issued in Tripoli on 05/07/2012.



Date: _____

26th July 2012

التاريخ: _____

Translation from Arabic

The Libyan Interim Government

Ministry of Economy

List attached to the Decision of Minister of Economy N°. (207) of the year 2012 quoting the Activities permitted for Foreign Companies to practice through Limited Liability Companies in Participation with Foreign Natural Persons

- Design, installation and maintenance of electronic systems and development of software.
- Manufacture and maintenance of communication equipment, audio and video sets and appliances.
- Establishment and running of medical laboratories.
- Manufacture of spare parts.
- Manufacture of medical equipment and requirements.
- Food industry, vegetables and fruits conservation.
- Wood industry, joinery and furniture.
- Paper industry, Fishery, fish conservation and canning.
- Manufacture of building materials and paints.
- Manufacture of cleaning materials and insecticides.
- Clothes and footwear industry.
- Manufacture of pipes of different sizes and for different uses.
- Industries feeding mechanical and electrical industries ... etc.
- Any other activities needed by development requirements permitted by the Minister in coordination with the ministries concerned.

