At the time of writing the established legal framework broadly remains in place with some minor updates to fee schedules. Foreign Companies working in Libya have five main options:

- **Representative Office** – for the purpose of business and relationship development, a representative office provides a local base and allows a foreign company to employ staff and open a local bank account for expenses. A foreign company cannot trade through a rep office.

- **Branch Office** – allows a foreign company to set-up an independent branch without a Libyan partner. Branches are restricted to certain sectors and activities. Capital of LYD 150,000 must be deposited in the branch's local account.

- **Joint Venture / Joint Stock Company** – to conduct the majority of activities in construction, energy, industry, telecoms and agriculture a foreign company is required to establish a joint venture with a Libyan entity. The maximum shareholding for the foreign company is 65%. The capital required to establish a joint stock company is one million Libyan dinars (30% deposited on registration, the remaining to be deposited within 3 years).

- **Law No. 9 (previously Law No. 5/1997) Foreign Investment –** allows 100% foreign ownership of Libyan companies as well as specific tax benefits and exemption from customs duties. It allows for ownership of land and provides some legal protections for investors. Qualification for entry under Law No. 9 requires a capital investment of LYD 5 million (or LYD 2 million with a Libyan partner).

- **Agency Law –** decree 315/2008 states that supply of all merchandise, goods or services require a local agent or distributor. Foreign companies intending to sell goods directly into the Libyan market should appoint a licensed Libyan agent or distributor.

Proposed changes to Libyan Commercial Law 2012

The ministry of economy recently issued a proposed revision to Libyan commercial law, which if passed will see major changes to the status quoi for foreign companies entering the Libyan market. Proposed changes include increasing the capital required for a representative office from LYD 50,000 to LYD 150,000, and the capital required for a branch office from LYD 150,000 to LYD 250,000 and changing the shareholding of a joint stock company lifting the minimum engagement for the Libyan partner from 35% to 51%. In some special circumstances a foreign company would be able to own 60% with permission from the ministry of economy.

These laws are currently in draft form and a limited consultation process has been ongoing with local business leaders and lawyers. The exact timeframe for reviewing the draft and updating commercial law is not known as the ministry of economy is currently undergoing internal restructuring. For the time being existing laws apply.

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